

**HARBOR INDUSTRIAL AREA**  
**SPHERE OF INFLUENCE STUDY**

**Submitted to:**  
San Mateo Local Agency Formation Commission  
Peter Banning, Executive Officer

**Submitted by:**  
Bay Area Economics  
Design, Community & Environment

September 17, 1996

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## I. INTRODUCTION

In March, 1973 the San Mateo Local Agency Formation Commission (LAFCo) established spheres of influence (SOI) in the Harbor Industrial Area (HIA) for the cities of Belmont and San Carlos. The spheres divided the HIA so that about two-thirds of the HIA was contained within the Belmont SOI, and the remaining one third in the San Carlos SOI. Since it was established, the SOI boundary has been a source of controversy for the cities, the property owners in the area, and San Mateo LAFCo.

The Harbor Industrial Area is an unincorporated, urbanized area of San Mateo County that lies between the cities of Belmont and San Carlos. The area is largely comprised of industrial and commercial uses, with a small number of residents in a mobile home park located in the northeast corner of the HIA. Over the past few years, both Belmont and San Carlos have expressed an interest in having all or a portion of the HIA included in their SOI, with the ultimate goal of annexing the area into their respective cities. In the past, the City of Belmont has unsuccessfully attempted to annex the portion of the HIA within its SOI. Recently, at the request of the majority of the property owners in the HIA, the City of San Carlos has begun preparing a proposal to annex the entire HIA, including the portion of the HIA currently within Belmont's SOI.

The HIA represents an attractive opportunity for each city, through eventual annexation, to expand its employment base and enhance its fiscal position by collecting revenues generated from the area, (e.g., property and sales/use taxes) which currently flow to the County. Since the HIA is a developed area, with a full range of municipal services and infrastructure already in place, either city could potentially assume responsibility for it with minimal adjustments in service provision and limited capital investment.

The purpose of this Study is to reexamine the SOI issues presented by the HIA and to recommend a sphere of influence to the San Mateo LAFCo for adoption. Based on provisions in the Government Code, the LAFCo has the authority to commission this Study "to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities."<sup>1</sup> The regulatory basis for this reports' SOI recommendation is the Cortese-Knox Local Government Reorganization Act of 1985, as well as the "General Policies and Criteria for the Development and Determination of Spheres of Influence" (as adopted, San Mateo LAFCo, September 1974, revised in March 1996).

Specifically, this Study establishes four SOI alternatives for the HIA, examines public policy and land use issues; evaluates municipal service provision; reviews needed capital improvements; assesses the presence of "communities of interest"; evaluates the impact of the proposed SOI alternatives, and provides an SOI recommendation.

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<sup>1</sup> *Government Code 56301.*





## II. SUMMARY AND RECOMMENDATION

### Approach to Study

This Study examines four possible SOI alternatives which were developed based on a review of the extensive public record as well as discussions with representatives of the affected cities and property owners. The four alternatives include the following:

- **Alternative 1: Designate HIA As All in San Carlos SOI** - This alternative would involve allocating the entire HIA to the City of San Carlos SOI.
- **Alternative 2: Designate HIA As All in Belmont SOI** - This alternative would involve allocating the entire HIA to the City of Belmont SOI.
- **Alternative 3: Maintain Current SOI** - This alternative would involve maintaining the spheres of influence originally established in 1973, which allocate a portion of the HIA to each of the cities.
- **Alternative 4: Exclude HIA from All City Spheres** - This alternative would involve excluding the HIA from either city's sphere of influence, which would have the effect of preventing the HIA from undergoing annexation to either city.

The Study develops assessment criteria to evaluate these four SOI alternatives. While these criteria provide a sound analytical framework, it should be noted that no one alternative clearly satisfies all the listed criteria. Rather, for each assessment criterion, there may be one or more satisfactory SOI alternatives.

In addition, it is important to note that this Study analyzes each issue and its impact on the set of alternatives separately. While this is the only feasible framework for analyzing the alternatives, this approach may not fully capture the complexity and interrelationships between one or more of the issues. For example, a stand-alone analysis of housing issues may lead to one conclusion, however, when that analysis is coupled with a different issue, such as the fiscal impacts, the combination of two courses of action may result in a different outcome than evident from examining each issue separately.

The statutes, policies, and criteria for allocating the area to city spheres of influence (as established by the Cortese-Knox Local Government Reorganization Act of 1985 and the San Mateo LAFCo) outline the primary issues that must be considered by LAFCo when making SOI determinations. In general, the regulations and policies embodied in the law relate to three main topics: land use, the provision of municipal services to the unincorporated area, and the elimination and/or consolidation of small, single-purpose districts, or agencies with overlapping public service responsibilities. In addition, the State statutes require that the LAFCo consider any communities of interest that may exist in the area.



## Summary of Analysis and Recommendations

The following summarizes the analysis presented in this Study and sets forth recommended actions with regard to the HIA alternatives listed above.

### *Alternative 4: Exclude HIA from All City Spheres*

**Relevant Policies/Criteria:** *“Ultimate city boundaries should not create islands or corridors unless these areas are designated or reserved for open space or regional facilities which are best left unincorporated.”<sup>2</sup>*

*“LAFCo discourages the proliferation of local governmental agencies and the existence of overlapping public service responsibilities.”<sup>3</sup>*

*“It is the intent of LAFCo to encourage the rationalization of local government through the elimination or consolidation of small, single-purpose districts. Whenever the full range of urban services is required, general-purpose governments are preferred to special districts for the provision of services.”<sup>4</sup>*

*“LAFCo recognizes that there may be significant inter-dependency among service decisions and other aspects of policy determination. In urban areas requiring the full range of urban services, services should be provided and decisions made by a single, general purpose government rather than overlapping local agencies.”<sup>5</sup>*

**Discussion:** If Alternative 4 was adopted, the HIA would be excluded from either city’s SOI and remain under the jurisdiction of San Mateo County. Under this arrangement, the HIA would continue to function much as it does today, with municipal services being provided by the County and numerous special districts.

While this option may resolve some of the issues that have engaged the cities and the property owners in the HIA, this Study shows that this alternative does little to satisfy the policies and criteria of the State statutes and San Mateo LAFCo. Specifically, this alternative would directly conflict with San Mateo LAFCo policy that states, “Ultimate city boundaries should not create islands or corridors unless these areas are designated or reserved for open space or regional facilities which are best left unincorporated.”<sup>6</sup> In addition, this alternative would not provide for the elimination or consolidation of any of the small, single purpose districts that currently service the HIA, nor would it satisfy LAFCo’s stated goal of having services and decisions for an urbanized area be made by a single, general purpose government rather than by overlapping local agencies. Based on this alternative’s relative lack of ability to meet key policies and criteria, it is considered to be the least desirable of the four SOI alternatives outlined above.

### ***Recommendation: Do Not Pursue***

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<sup>2</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996, IV.6.

<sup>3</sup> *Ibid.* III.5.

<sup>4</sup> *Ibid.* III.6.

<sup>5</sup> *Ibid.* III.9.

<sup>6</sup> *Ibid.* IV.6.





### ***Alternative 3: Maintain Current SOI***

***Relevant Policies/Criteria:*** *“It is the intent of LAFCo to encourage the rationalization of local government through the elimination or consolidation of small, single-purpose districts. Whenever the full range of urban services is required, general-purpose governments are preferred to special districts for the provision of services.”*<sup>7</sup>

*“LAFCo discourages the proliferation of local governmental agencies and the existence of overlapping public service responsibilities.”*<sup>8</sup>

*“In making its sphere of influence determinations, the Commission will examine the effects of potential jurisdictional changes on affected local agencies, residents, tenants, and landowners.”*<sup>9</sup>

*“LAFCo recognizes that some political boundaries may be artificial, dividing what may, in fact, be a single community or communities. Existing local government agencies are encouraged to investigate the feasibility of political and functional consolidation in implementation of LAFCo's spheres of influence determination.”*<sup>10</sup>

*“In determining the sphere of influence of each local agency, the Commission shall consider...the present and planned land uses in the area...”*<sup>11</sup>

*“It is the intent of the Legislature that each Commission establish policies and exercise its powers pursuant to this part in a manner that encourages and provides planned, well ordered, efficient urban development patterns...”*<sup>12</sup>

***Discussion:*** This alternative involves an analysis of a complex set of impacts and outcomes that would result if the current SOI were maintained, thereby dividing the HIA between the two cities. Implicit in this alternative is another course of action - creating a different boundary and two new SOIs that encompasses different geographic areas than the current designated spheres. Both possibilities were considered during the analysis phase of this Study.

As described in the body of this report, an analysis of several statutes, LAFCo policies, and their associated criteria suggest that while the area could be divided between the two cities, this course of action does not best meet the test of satisfying the goals of the regulatory and policy framework that has been set forth.

First, LAFCo has a stated policy to “encourage the rationalization of local government through the elimination or consolidation of small, single-purpose districts”<sup>13</sup> and to “discourage the proliferation of local governmental agencies and the existence of overlapping public service responsibilities.”<sup>14</sup> While

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<sup>7</sup> *Ibid.* III.6.

<sup>8</sup> *Ibid.* III.5.

<sup>9</sup> *Ibid.* III.14.

<sup>10</sup> *Ibid.* III.7.

<sup>11</sup> *Government Code*. 56425.a.

<sup>12</sup> *Ibid.* 56300.

<sup>13</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. III.6.

<sup>14</sup> *Ibid.* III.5.



the division, and ultimate annexation of the entire HIA would provide for the elimination of a few of the special districts currently serving the area, others such as the Belmont County Water District may continue to exist if the area is not annexed as a whole.

In addition, by dividing the area, the real possibility exists that only one portion of the HIA will be annexed into a city, leaving a smaller unincorporated area that must still receive municipal services. As a result, it may be more difficult to consolidate or eliminate any of the special districts under this alternative. Moreover, the creation of a smaller unincorporated area may also negatively impact the cost and delivery of municipal services to the HIA. As noted in a memo from the San Mateo County Public Works to San Mateo LAFCo, “Our recommendation is to have the entire Harbor Industrial Area annexed into a single City(ies), as partial annexation either reduces the Special Districts’ ability to economically function, or places the Board of Supervisors in a position of administering services to an incorporated area and setting the rates and fees for these services.”<sup>15</sup>

Second, LAFCo policy states that “in making its sphere of influence determinations, the Commission will examine the effects of potential jurisdictional changes on affected local agencies, residents, tenants, and landowners.”<sup>16</sup> While this policy does not explicitly state the effects to be considered, the study shows that dividing the HIA will result in several significant impacts. In the case of the property owners, dividing the HIA clearly runs counter to their primary goal of maintaining the integrity of the area, and may in fact be dividing an area that could loosely be defined as a community. For businesses located in the HIA, a survey conducted as part of this Study showed that dividing the HIA by annexation to each city would result in additional, unwelcome business expenses due to the current allocation of postal addresses to the City of Belmont, resulting in changes to stationary, business cards, and telephone listings. For local agencies, such as the Belmont Fire Protection District, dividing the HIA would impact the revenues it receives from the HIA as properties annexed to San Carlos are detached from the District. It is possible that the negative effects associated with dividing the SOI could be minimized or eliminated if the whole HIA is allocated to a single SOI.

Third, LAFCo policy has recognized that “some political boundaries may be artificial, dividing what may, in fact, be a single community or communities. Existing local government agencies are encouraged to investigate the feasibility of political and functional consolidation in implementation of LAFCo’s spheres of influence determination.”<sup>17</sup> Unfortunately, the legal definition of what constitutes a community is unclear, leaving one to develop a definition based on other assumptions that may not be universally accepted.

As described in more detail in Section XI, “Communities of Interest,” there is substantial evidence that the HIA is a homogeneous, unified commercial district. In addition, the HIA has a strong history of property owners acting in unity, and these owners maintain that the HIA is a single physical and economic district that should not be divided. Many of these owners actively interact through an Association, where they have repeatedly demonstrated their willingness to address the social and economic issues facing the area, and have evolved a strong sense of “community.” However, business owners occupying space as tenants may not consistently maintain this view, which is understandable given that one’s place of business does not necessarily involve “community” activities such as political affiliation, civic discourse, volunteer work, or school district interactions.

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<sup>15</sup> *Memo from Robert L. Sans, County Director of Public Works to Bill Davis, Executive Director of LAFCO.* July 27, 1993.

<sup>16</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. III.14.

<sup>17</sup> *Ibid.* III.7.



Thus, while it is difficult to definitively state that the HIA constitutes a “community,” the unity of the property owners would suggest that the “community” concept could be applied to the HIA, and as such, the entire area ought to be included in a single SOI.

Finally, given that the intent of the legislature is to provide for “planned, well-ordered, efficient urban development patterns,”<sup>18</sup> it seems reasonable to assume the area as a whole would benefit from a single set of land use and zoning policies, rather than a mixture of policies from two different jurisdictions.

***Recommendation: Do Not Pursue***

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<sup>18</sup> *Government Code*, 56300.





*Alternatives 1 and 2: Designate HIA as All In San Carlos SOI  
OR  
Designate HIA as All in Belmont SOI*

**Relevant Policies/Criteria:** *“LAFCo will consider which city will naturally or most likely inherit and can best cope with the problems resulting from urbanization...” including:*

*“...the source of automobile, bus and truck traffic causing congestion.”<sup>19</sup>*

*and*

*“...topographical factors”<sup>20</sup>*

*“It is the intent of LAFCo to encourage the rationalization of local government through the elimination or consolidation of small, single-purpose districts. Whenever the full range of urban services is required, general-purpose governments are preferred to special districts for the provision of services.”<sup>21</sup>*

*“...it is the policy of the state to encourage orderly growth and development.”<sup>22</sup>*

*LAFCo recognizes that there may be significant inter-dependency among service decisions and other aspects of policy determination. In urban areas requiring the full range of urban services, services should be provided and decisions made by a single, general purpose government rather than overlapping local agencies.”<sup>23</sup>*

*“It is the intent of LAFCo to support the viability of local governmental agencies providing essential services.”<sup>24</sup>*

**Discussion:** These two alternatives are presented in comparison to each other because their relative efficacy involves several types of “either/or” conclusions.

First, LAFCo policy states that “LAFCo will consider which city will naturally or most likely inherit and can best cope with the problems resulting from urbanization” including: “the source of automobile, bus and truck traffic causing congestion.”<sup>25</sup> As noted in the analysis, the City of Belmont has already inherited significant traffic impacts originating from the HIA, as evidenced by the construction of the traffic barriers along O’Neill Street. By allocating the HIA to the Belmont SOI, and through the ultimate annexation of the area, the City will gain jurisdiction over the area and may be better be able to “cope” with related traffic issues. While there are certainly traffic impacts to San Carlos originating from the HIA, as noted in the analysis, the impacts are considered less severe than those found to the north along the Belmont border.

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<sup>19</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. IV.3.a.

<sup>20</sup> *Ibid.* IV.3.f.

<sup>21</sup> *Ibid.* III.6.

<sup>22</sup> *Government Code* 56001.

<sup>23</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. III.9.

<sup>24</sup> *Ibid.* III.1.

<sup>25</sup> *Ibid.* IV.3.a.



Second, State statute notes that “ it is the policy of the state to encourage orderly growth and development.”<sup>26</sup> Allocating the entire HIA to Belmont, and the ultimate annexation of the area to the City, would create a distinguishable boundary between Belmont and San Carlos from Old County Road to Industrial Way, along a drainage channel which separates the Clearfield Park neighborhood area in San Carlos from the HIA. In addition, this Alternative would allow Belmont to comprehensively address the potential land use conflicts along O’Neill street where residential units are likely to be impacted by land use decisions within the HIA. By allocating the HIA to San Carlos, the resulting City boundaries would not be so clearly defined, and a situation would be created along O’Neill Street where two separate jurisdictions have control over different and perhaps conflicting land uses that face each other along a common street frontage.

Third, State statute and LAFCo policies indicate a clear preference for municipal service arrangements that provide for the “elimination or consolidation of small, single-purpose districts”<sup>27</sup> and that allow service delivery to be provided by a “single, general purpose agency rather than by overlapping local agencies.”<sup>28</sup> This alternative best facilitates the future elimination of limited purpose agencies and the simplification of local government structure in the area. Allocation of the HIA to Belmont would potentially allow all five special purpose districts to be dissolved upon annexation of the territory to the City.

San Mateo LAFCo has allocated a zero sphere of influence to the Belmont County Water District. According to LAFCo policy, this determination is given to an agency when “after due consideration of all factors that the public service responsibilities and functions of one local agency should be reallocated to some other unit of government and that, ultimately, the local agency which has been assigned a ‘zero sphere of influence’ should cease to exist.”<sup>29</sup> By providing for the possible annexation of the HIA to Belmont, the potential of dissolving or establishing the Belmont County Water District as a subsidiary district of the City would be greatly enhanced.

Fourth, LAFCo policy states that SOI determinations should consider which City will “naturally or most likely inherit and can best cope with the problems resulting from urbanization” including “topographical factors.”<sup>30</sup> Allocating the HIA to Belmont’s SOI, and the annexation of the area to Belmont, would place the portion of Belmont Creek that runs through the HIA within the Belmont City limits. The creek, the most significant drainage feature in the area, provides drainage for a large portion of the Belmont watershed and as a result, improvements upstream in the City of Belmont can have a significant impact on the flows in Belmont Creek. Therefore, it seems prudent to allow Belmont to control as many parts of this drainage system as possible, rather than create a drainage system that runs through multiple jurisdictions.

Fifth, LAFCo policy states that “it is the intent of LAFCo to support the viability of local governmental agencies providing essential services.”<sup>31</sup> By allocating the HIA to Belmont, the fiscal impacts associated with annexation of the HIA would be minimized to all affected agencies. As the fiscal analysis section of this Study shows, if the HIA were annexed to San Carlos, the City of Belmont could experience a negative fiscal impact as a result of all or a portion of the revenues previously allocated to

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<sup>26</sup> *Government Code 56001.*

<sup>27</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. III.6.

<sup>28</sup> *Ibid.* III.9.

<sup>29</sup> *Ibid.* III.8.

<sup>30</sup> *Ibid.* IV.3.f.

<sup>31</sup> *Ibid.* III.1.



the Belmont Fire Protection District being reallocated to the San Carlos General Fund. Conversely, by allocating the HIA to Belmont, neither city would experience a negative fiscal impact. Belmont would receive additional revenues from sales taxes in the area and benefit from the fiscal impact of an improved balance of residential and commercial land uses.

Finally, allocating the entire HIA to Belmont maintains the integrity of the HIA and avoids an eventual municipal boundary which divides an established commercial/industrial area.

Based on these findings as well as those described for the other Alternatives, this Study recommends that Alternative 2 be pursued by the San Mateo LAFCo.

***Recommendation: Designate HIA as All In Belmont***

### **Implementation Issues**

It should be noted that the ultimate outcome of this recommendation, the annexation of the HIA to the City of Belmont, could encounter various implementation issues including as follows:

- The majority of the property owners have sought annexation to the City the San Carlos and resisted annexations to Belmont. Clearly there is sentiment, as expressed by the Harbor Industrial Association, to have the entire HIA included in the San Carlos SOI. A designation of the HIA as all within the Belmont SOI may mean that that the HIA may not be annexed, and as a result, the goals and policies expressed by the San Mateo LAFCo may not be realized.
- Annexation to Belmont would require the issue of wastewater treatment be resolved with the City of San Carlos. Currently, the Harbor Industrial Sewer Maintenance District contracts with the City to provide wastewater treatment for the HIA and pumps its wastewater through the San Carlos pumping station. Since the district is not a member of the South Bayside System Authority, it utilizes a portion of the San Carlos treatment capacity for wastewater pumping and treatment. Annexation of the HIA by Belmont may require that Belmont structure an arrangement with San Carlos for continued use of the pumping station and perhaps the wastewater treatment allocation as well.





### III. STUDY METHODOLOGY

This report presents analysis and findings for four topical areas as follows:

1. **Land Use, Public Policy and Circulation.** These issues are examined for areas within as well as surrounding the HIA, with a focus on land use patterns and conflicts, General Plan policies and zoning which would apply if all or a portion of the area were to be annexed to either city; the applicability of the existing permit systems to the HIA; existing redevelopment areas and their impact on the HIA; the circulation system within the HIA and its relationship to the two cities; and the level of public transit service available to the HIA. This provides an opportunity to explore how the HIA might “best fit” into each city in a framework, and is presented similarly to a General Plan analysis.
2. **Municipal Service Provision.** The Study describes the current municipal service providers in the HIA and the range of services provided, identifies the service structure that might exist under each of the SOI alternatives, and describes any significant impacts of changes to the current structure of service delivery.
3. **Fiscal Impacts.** The third type of analysis relates to the fiscal impacts that may result from the proposed SOI alternatives. This section of the report examines the operating revenues and expenditures that may accrue to each city, as well as the capital expenditure requirements for each of the SOI alternatives. The analysis assesses each City’s current financial condition and capacity to fund additional capital improvements. Financing mechanisms for the funding of capital improvements are also presented.
4. **Communities of Social and Economic Interest.** This section examines the presence of communities of social or economic interest between the HIA and the two cities. For this part of the analysis, a survey was conducted of the businesses and property owners in the HIA to determine how the area functions economically and socially and if there are any patterns which lead to the clear identification of one or more communities of interest with San Carlos and/or Belmont.

For each topic, the analysis begins with a statement of the statutory criteria outlined in the Cortese-Knox Local Government Reorganization Act as well as any related San Mateo LAFCo criteria and policies. In some cases, these published criteria or policies have been further refined and detailed to provide the basis for comparison of the alternatives. The conclusions drawn from the analysis of the four topic areas are used to develop a recommended SOI boundary for the HIA.

This report was largely prepared using data from existing reports and studies that have been conducted over the years for various agencies in the area. In particular, information presented in the Environmental Impact Report (EIR) prepared for the City of Belmont in 1993, and the EIR prepared for the City of San Carlos in 1995 is used extensively throughout this report. Any reference in this report to the San Carlos EIR or the Belmont EIR refers specifically to these documents unless otherwise noted. In addition, a new “community of interest” mail survey of all property owners and businesses located in the HIA was conducted as part of the research for this report. Finally, research for this report involved numerous key informant interviews with representatives of San Mateo County, departments of the affected cities, service provider agencies, and property owners in the HIA.





## IV. LEGAL CONTEXT

Prior to January 1, 1986, the law governing local agency formation commissions and most local agency boundary changes could be found in the Knox-Nisbet Act, the District Reorganization Act of 1965, and the Municipal Organization Act of 1977. The Knox-Nisbet Act established Local Agency Formation Commissions (LAFCo) for each county in California and outlined the purposes and powers of those commissions. The District Reorganization Act governed boundary changes affecting special districts, and the Municipal Reorganization Act governed boundary changes affecting cities.

On January 1, 1986, the Cortese-Knox Local Government Reorganization Act of 1985 (hereafter referred to as the “Cortese-Knox Act”) went into effect, and as a result, the Knox-Nisbet, District Reorganization, and Municipal Organization Acts were repealed. The Cortese-Knox Act (*Govt. Code 56000-57550*) was largely a non-substantive reorganization of the provisions of the prior three acts into one law, covering all LAFCo powers and boundary changes subject to LAFCo jurisdiction.<sup>32</sup>

Since the Cortese-Knox Act defines the powers of LAFCo, including the determination of spheres of influence, it is important to understand the legislative intent of the statutory provisions. Government Code 56001 notes that the legislature’s policy is to “encourage orderly growth and development” through the “logical formation and determination of local agency boundaries.” In addition, the Government Code states the legislature’s preference for a single, general purpose governmental agency, rather than a host of limited purpose agencies to provide for the municipal service needs of developed areas. Section 56301 of the Government Code further notes that among the purposes of LAFCo are “the discouragement of urban sprawl and the encouragement of the orderly formation and development of local agencies based upon local conditions and circumstances”<sup>33</sup>.

Among the powers granted to a LAFCo for the purpose of planning and shaping the logical and orderly development of a community, and the facilitation of coordinated municipal service delivery, is the creation of a sphere of influence (SOI) for each local governmental agency located within the county. A sphere of influence is defined as a plan for the “probable physical boundaries and service area of a local agency.” When adopting a sphere of influence for an agency, LAFCo should consider each of the following, as outlined in Government Code 56425(a):

- (1) The present and planned land uses in the area, including agricultural and open-space lands;
- (2) The present and probable need for public facilities and services in the area;
- (3) The present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide;
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

It is important to note that while the statute requires LAFCo to consider the four criteria listed above, the law does not assign a preference or additional weight to any one criterion over the others when considering and determining an agency’s sphere of influence. Once an SOI has been adopted by LAFCo,

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<sup>32</sup> Longtin, James. 1987. *Longtin's California Land Use, 2<sup>nd</sup> Edition*. Local Government Publications. Berkeley; CA. Pp. 717-18.

<sup>33</sup> *Ibid.* Pp. 721.



the commission has the responsibility to periodically review and update the adopted sphere. In addition, LAFCo may recommend governmental reorganizations to other county agencies based on the adopted SOI.

In addition to the codified criteria for SOI determinations, San Mateo LAFCo has adopted its own policies and criteria for the determination of spheres of influence. In general, these policies and criteria mirror the purposes of the Government Code by seeking to limit urban sprawl and to encourage orderly organizational changes of local government agencies, including the elimination or consolidation of small single-purpose districts. Echoing the concepts put forth in the Government Code, LAFCo policies also encourage the delivery of municipal services by a single, general purpose agency, rather overlapping limited purpose local agencies. LAFCo policies also seek to preserve open space, recreation, and agricultural resources.

It should be noted that a review of the Government Code and the policies and criteria established by LAFCo leads one to conclude that SOI determinations have largely been established to regulate and promote orderly development on agricultural and open space lands adjacent to existing cities. In addition, sphere designations have been developed to ensure that cities have the fiscal resources to provide required municipal services to those undeveloped properties that may ultimately be annexed to the city. However, the HIA is already a fully developed urban area with a full complement of municipal services in place. As such, interpretations of relevant statutes and criteria established by LAFCo are presented in the following discussion in order to systematically evaluate the SOI alternatives for the HIA.



## V. HISTORICAL CONTEXT

In order to fully understand the issues surrounding the sphere of influence for the Harbor Industrial Area, it is useful to have some historical perspective of past actions. The following chronology lists the actions related to the HIA leading to the preparation of this Study. The information presented as part of this section has been supplied by LAFCo staff and property owners in the HIA.

- 1954      Property Owners form the Harbor Industrial Association as a non-profit corporation to represent the interests of their community. This is an out-growth of the informal meetings which have taken place since 1951.
- July 1970      Hahn, Wise Inc. conducts study of unincorporated areas around Belmont including the HIA and defines a proposal for Belmont sphere in HIA. The study stressed mailing address, drainage, property owner preferences, general affiliation with Belmont and Belmont Chamber of Commerce, and the need for fiscally balanced communities as criteria for the sphere recommendation.
- The Water, Fire, and School Districts support Belmont in inclusion of Harbor Area in Belmont sphere. A survey of property owners in Harbor area is presented to Commission showing support for Belmont. However, the Harbor Industrial Association requests not to be included in either city's sphere, but adopts a policy to support inclusion of the area if the cities agree to consolidate.
- Sept. 1970      Commission decides not to assign Harbor area to any city sphere until cities take action on municipal consolidation.
- June 1971      Belmont and San Carlos propose consolidation study to Commission and LAFCo agrees to provide funding support.
- Sept 1972      San Carlos and Belmont agree on location of sphere of influence line and submit a joint letter to LAFCo which also requests LAFCo to proceed with municipal consolidation study.
- Jan 1973      Hearing on the HIA sphere is opened. The Harbor Industrial Association requests that LAFCo not designate city spheres until cities take action to consolidate. The cities state that they would not go ahead with consolidation study if Commission does not adopt a sphere of influence for Harbor area. The hearing is continued.
- April 1973      A Commission subcommittee meets with both cities and the Harbor Industrial Association to discuss details of proposed sphere boundaries. Following an endorsement of the sphere line by the subcommittee, the Commission adopts the spheres of influence proposed by the cities.
- Oct 1984      LAFCo re-adopts spheres of influence for San Carlos and Belmont, including existing city spheres in Harbor area.





Oct 1988	LAFCo conducts periodic review of spheres of influence for Belmont and San Carlos. The Harbor Industrial Association requests a restudy of the area and inclusion of the Harbor area in one sphere of influence. Both San Carlos and Belmont representatives express willingness to include all of Harbor area in respective city spheres. LAFCo reaffirms the Belmont and San Carlos spheres without change.
June 1991	LAFCo conducts periodic review of spheres of influence. San Carlos requests a three month continuance to study the feasibility of annexation of entire Harbor area. The Harbor Industrial Association requests that the area be restudied and that the entire HIA be placed in the San Carlos SOI. Hearing is continued.
Feb 1992	Commission directs LAFCo staff to prepare fiscal impact analysis of annexation of existing sphere areas to each city.
Aug 1992	Fiscal Impact analysis is presented to the Commission. The Commission reaffirms the existing spheres.
Sept 1992	Harbor Industrial Association requests the City of San Carlos to apply for annexation of entire Harbor area on behalf of the landowners.
1993	<p>San Carlos submits proposed negative declaration for annexation of the entire HIA to San Carlos.</p> <p>Belmont initiates an annexation of the territory within its sphere of influence and circulates a draft EIR for public comment. The Belmont City Council certifies the final EIR, adopts resolution of application for annexation, and submits annexation proposal for annexation of Belmont SOI.</p> <p>Property owners in the HIA sue Belmont over annexation proposal on the grounds that the City has illegally combined different and distinct areas; one of which is “inhabited” and one which is “uninhabited.”</p>
1994	Belmont’s annexation effort is defeated by an election of registered voters. The Superior Court rules in favor of San Carlos and the Association. Belmont and LAFCo appeal the decision.
1995	<p>The three parties – Belmont, San Carlos, and the Harbor Industrial Association – agree to try and negotiate a settlement to the long standing dispute. After six months of negotiations, Belmont withdraws from the process.</p> <p>The Appellate Court rules that the court case involving Belmont’s annexation is moot because the residents voted to terminate the annexation.</p>
1996	LAFCo authorizes this Study to analyze and evaluate four SOI alternatives for the HIA.



## VI. LAND USE AND PUBLIC POLICY ASSESSMENT

### Land Use

**Assessment Criteria.** San Mateo LAFCo's policies state that consideration should be given to land use issues when determining spheres of influence. Specifically, the policies state that:

- 1) LAFCO will consider which city will naturally or most likely inherit and can best cope with problems resulting from urbanization including, "policies and practices of the local agency which can provide for the preservation and development of a balance between residential, commercial, industrial, agricultural and open space land uses."<sup>34</sup>
- 2) "Ultimate city boundaries should not create island or corridors unless these areas are designated or reserved for open space or regional facilities which are best left unincorporated."<sup>35</sup>
- 3) "Studies should be made of...land use and land area..."<sup>36</sup>

Based on these policies and criteria, the following assessment criteria have been developed for this Study:

- SOI boundaries should be drawn where possible to keep related land uses in the same jurisdictions.
- SOI boundaries should be drawn where possible to allow jurisdictions to control and mitigate potentially incompatible land uses' impacts on each other.

**Analysis.** The Harbor Industrial Area is surrounded by a variety of land uses in both Belmont and San Carlos, as shown in Figure 1. The east side of the HIA is bounded by Highway 101; beyond the Highway the land uses are generally similar in both Belmont and San Carlos, including a narrow band of light industrial and commercial uses. Farther east of these land uses is office development that is located within Redwood City.

To the north and the south of the HIA, the land uses are also similar. To the north are residential uses separated from the HIA by O'Neill Street. To the south are residential uses which face away from the HIA and are buffered from the HIA by a drainage channel. While both of these residential areas have the potential to conflict with the industrial uses located in the HIA, the conflicts on the northern edge are potentially greater due to the fact that the homes and industries share a common street frontage on O'Neill Street. The potential conflicts include traffic volumes and speeds, localized roadway noise, and perceived land use incompatibilities on the part of neighbors.

To the west, the HIA is bounded by Old County Road and the railroad tracks, with commercial properties located further west along El Camino Real. There are few industrial areas located in the immediate vicinity that are similar in character to the HIA, with the exception of those located on the east side of Highway 101. Farther to the north and south, there are additional commercial/industrial developments in both San Carlos and Belmont, which are shown in Figure 2. The industrial areas in San Carlos are

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<sup>34</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. IV.3.e.

<sup>35</sup> *Ibid.* IV.6.

<sup>36</sup> *Ibid.* IV.9.



marginally closer and more similar to those found in the HIA, but both areas are located far enough from the HIA that the differences are inconsequential.

The impacts of each alternative are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would allow the City of San Carlos to ultimately take jurisdiction over land uses in the HIA and to control the potential land use conflicts through appropriate land use policy, particularly those along Industrial Blvd. and Bragato Rd. where the industrial uses adjoin the homes in San Carlos. However, it would create an undesirable situation along O'Neill Street (where the land use conflict appears more severe with industrial uses facing residential units) of two different jurisdictions controlling two distinctly different land uses on opposite sides of the street.

*Alternative 2: Designate HIA as All in Belmont SOI.* This Alternative would allow Belmont to take jurisdiction over land uses in the HIA, particularly along both sides of O'Neill Street where potential land use conflicts appear to be the greatest (with residences opposite businesses). However, it would not allow San Carlos to control the land uses adjacent the residential areas in the southern portion of the HIA. Since these uses adjoin at the rear property line, and are separated by a drainage channel, potential land use conflicts along this border are expected to be less severe.

*Alternative 3: Maintain Current SOI.* This Alternative, which reflects current SOI conditions, would ultimately vest jurisdiction for the industrial uses in the HIA with the cities that also have control over the residential areas that adjoin them (upon annexation). The City of Belmont would have jurisdiction over uses in the north, particularly along O'Neill Street where residences are opposite businesses. The City of San Carlos would have jurisdiction over uses in the south, particularly those along Industrial Boulevard and Bragato Road whose backs adjoin homes in San Carlos.

*Alternative 4: Exclude HIA from All City Spheres.* This would not allow either city to take jurisdiction over industrial uses that potentially conflict with adjacent residential uses.

**Findings.** Although the general land use patterns surrounding the HIA are similar, placing the entire HIA in the Belmont SOI would best satisfy the assessment criteria developed at the beginning of this section. This alternative would allow Belmont to comprehensively address the potential land use conflicts that could occur along O'Neill street, and would provide a single set of land use policies for the entire HIA. In addition, this alternative would create a distinguishable boundary between the two cities from Old County Road to Industrial Way, along the drainage channel which separates the Clearfield Park neighborhood area in San Carlos from the HIA.





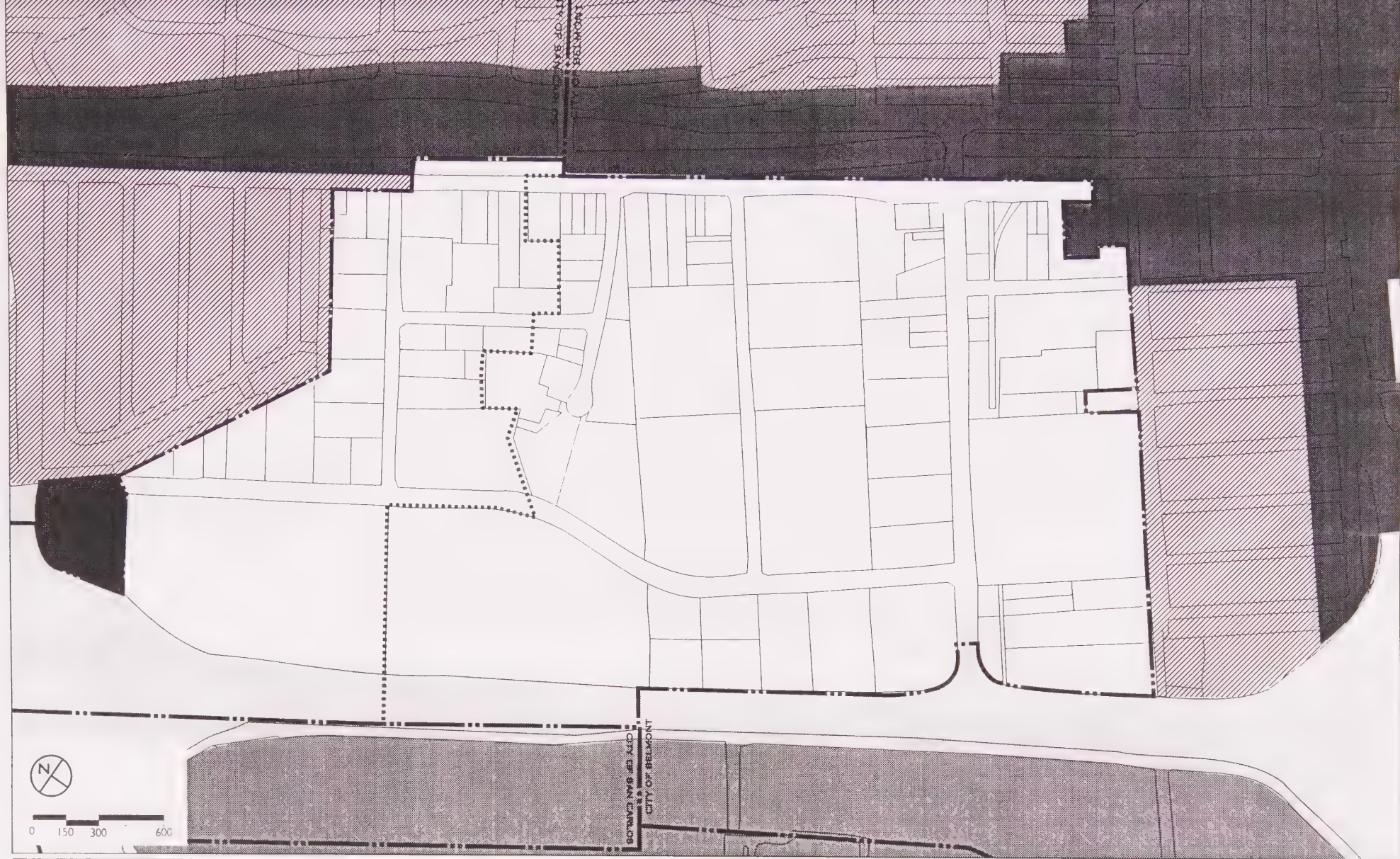


FIGURE 1

## SURROUNDING LAND USE

- RETAIL / SERVICE COMMERCIAL
- LIGHT INDUSTRIAL / OFFICE
- RESIDENTIAL
- FREEWAY







FIGURE 2

## SURROUNDING INDUSTRIAL AREAS



## General Plan and Zoning Designations

**Assessment Criteria.** In order to maintain and provide for the orderly development of the HIA, the General Plan and zoning of the annexing jurisdiction should be compatible with the existing County General Plan and zoning for the area. For this reason, the following criterion is used in assessing General Plan and zoning policies of the cities and San Mateo County:

- SOI boundaries should be drawn to minimize the number of non-conforming-uses resulting from land use policies and zoning regulations.

**Analysis.** Table 1 presents a summary of current San Mateo County land use regulations, and the proposed land use regulations of San Carlos and Belmont for the HIA. Figures 3 through 8 show existing and proposed General Plan land use designations and the zoning of each jurisdiction.

The land use regulations proposed by San Carlos and Belmont would differ somewhat from the current County regulations, creating marginal increases in land use restrictions. Belmont has pre-zoned the area in its SOI as M-1 and M-E, and has indicated that areas currently located in San Carlos' SOI would also be zoned M-E if they were annexed to Belmont. Since the M-E zone allows for all types of manufacturing uses, it provides more flexibility than the County's current list of allowed uses. The M-1 zone is more restrictive in allowable uses, but it does allow for "light manufacturing" which is consistent with most of the current uses located in the northern part of the HIA. In addition, the proposed Belmont zoning for the HIA would also marginally increase setback and building height limitations in areas adjacent to residential zones; would add new regulations regarding parking, design review and landscaping; and would require that all uses be conducted inside closed buildings.

San Carlos has pre-zoned the HIA with a new zoning designation adopted specifically for the HIA, which is similar to the County's existing M-1 zone but includes a restriction on floor area ratios (FARs)<sup>37</sup>. San Carlos zoning would also create new regulations regarding parking and design review, and would require that all uses be conducted inside closed buildings unless a use permit is obtained.

The current County zoning ordinance lists 167 different types of uses allowed in the M-1 zone. Generally, the County considers a use to be conforming if it appears on this list. Since many current uses in the HIA do not appear on this list, for the purposes of this Study, they are considered to be non-conforming.

If implemented, either city's zoning regulations would create some non-conforming uses with regard to land use and building size in the HIA. Since San Carlos is proposing to retain the County's list of allowed uses, any current non-conforming uses would continue to be non-conforming. In addition, under the proposed San Carlos zoning regulations, some buildings in the HIA would be classified as non-conforming uses since they are too large to comply with the San Carlos' .50 FAR.

Under the Belmont zoning ordinance, some of the buildings in the northern part of the HIA would become non-conforming uses since they would be within 50 feet of residential zoning district, and have a height in excess of 28 feet.

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<sup>37</sup> Floor Area Ratio (FAR) is the sum of the gross floor area of a building, divided by the area of the parcel. For example, a .5 FAR would permit construction of a 21,780 sq.ft building on a one acre parcel of land.



It should be noted that under both proposed zoning alternatives, the current uses and buildings would be allowed to exist indefinitely as legally non-conforming. However, if over 50% of the building(s) were destroyed, they would have to be rebuilt to conform to the new zoning regulations.

Overall, the proposed changes in zoning and land use regulations that would be applied to the HIA as result of annexation to either City do not appear to be significant when compared with those currently enforced by the County.

**Findings.** Annexation of the HIA to either city could result in additional non-conforming uses beyond those currently found under existing County development regulations. However, the numbers or types of non-conforming uses do not appear to differ significantly based on any one annexation scenario, so this factor does not suggest a particular SOI alternative.

It should be noted that some land owners in the study area have expressed skepticism regarding Belmont's willingness to maintain its proposed zoning in the HIA subsequent to annexation. There is no way to substantiate whether San Carlos or Belmont would maintain existing development regulations after annexation, so this point has not been considered in the analysis.





**TABLE 1**  
**SUMMARY OF LAND USE REGULATIONS**

	Existing County Designation	City of San Carlos	City of Belmont	
			South of Harbor Blvd.	North of Harbor Blvd.
<b>General Plan Designation Name</b>	General Industrial.	Planned Industrial.	General Industrial.	Light Industrial.
<b>Zoning Designation Name</b>	M-1.	M-1.	M-E.	M-1.
<b>Permitted Uses</b>	List of 167 specifically permitted industrial, warehousing and amusement uses. List is extensive, but does not include all industrial or warehousing uses. Many modern uses are not included in list.	Same as County.	Generalized description allowing manufacturing and warehousing uses. Effectively the same as the M-1 designation in the County and San Carlos, but without amusement/recreation uses. More flexible than County/San Carlos zoning.	Similar to M-E, but limited to "light" manufacturing. Also allows offices and retail.
<b>Conditionally Permitted Uses</b>	Outside of enclosed building. Automotive and cycling racing. Restaurants and auto service stations provided certain findings can be made. Golf driving ranges. Storage and handling of "safe and sane" fireworks given certain conditions are followed. Indoor auction studio and retail sales of office equipment, including antiques, when the facility conforms to parking requirements for retail sales. Large collection facilities for recyclable materials. Processing facilities for the collection and processing of recyclable materials.	Outside of enclosed building. Automotive and cycling racing. Restaurants and auto service stations provided certain findings can be made. Golf driving ranges. Storage and handling of "safe and sane" fireworks given certain conditions are followed. Indoor auction studio and retail sales of office equipment, including antiques, when the facility conforms to parking requirements for retail sales. Large collection facilities for recyclable materials. Processing facilities for the collection and processing of recyclable materials.	Animal hospitals. Asphalt or concrete ready-mix plant. Broadcasting tower for radio or television. Disposal of garbage or waste material by sanitary landfill or fill and cover methods, or by composting or incineration. Mobile home park. Outdoor advertising structure as regulated by the Sign Ordinance of the City. Storage, for wholesale or for distribution in bulk, of any flammable liquid. Incidental and accessory structures and uses located on the same site with and necessary to the operation of a Conditional Use. Truck storage yards and terminals Other uses	Animal hospitals Asphalt or concrete ready-mix plant Broadcasting tower for radio or television Storage, for wholesale or for distribution in bulk, of any flammable liquid Incidental and accessory structures and uses located on the same site with and necessary to the operation of a Conditional Use.
<b>Maximum Floor Area Ratio or Intensity</b>	None.	Maximum FAR = .50.	None.	None.
<b>Maximum Building Height</b>	75 feet.	75 feet.	None, unless within 50 feet of an "R" (residential) zone, in which case the limit is the same as the R zone. This condition does not occur south of Harbor Boulevard.	None, unless within 50 feet of an "R" (residential) zone, in which case the limit is the same as the R zone. North of Harbor Boulevard, this would create a maximum height limit of 28 feet within 50 feet of O'Neill Avenue.



	Existing County Designation	City of San Carlos	City of Belmont	
			South of Harbor Blvd.	North of Harbor Blvd.
<b>Minimum Front Setback</b>	None.	None.	None, except where 80% or more of a lot is on a street with an "R" zone on other side, in which case the minimum setback is 15 feet. This condition does not occur south of Harbor Boulevard.	None, except where 80% or more of a lot is on a street with an "R" zone on other side, in which case the minimum setback is 15 feet. This would create a 15 foot front setback on O'Neill Avenue.
<b>Minimum Rear and Side Setbacks</b>	3 to 6 feet.	3 to 6 feet.	None, except where the lot abuts an "R" zone, in which case it is 3 to 10 feet. This condition does not occur in the HIA.	None, except where the lot abuts an "R" zone, in which case it is 3 to 10 feet. This condition does not occur in the HIA.
<b>Requirements for Enclosure of Uses</b>	None.	All commercial and industrial uses conducted in M-1 districts shall be conducted entirely within an enclosed structure unless a use permit is obtained.	All business, production, etc. shall take place within completely enclosed buildings. All storage must be enclosed on properties within 150 feet of a residential zone.	
<b>Restrictions on Noise, Odor and Vibration</b>	None.	Must be compatible with noise use standards established in General Plan. ( SC Zoning 18.116.210)	No use permitted to be unduly hazardous or injurious to other properties or to the general public welfare by reason of emission of odor, dust, smoke, noise, vibration, electrical or other disturbance.	
<b>Parking</b>	Warehouses: One space for for each 2 employees on the largest shift.  Business Offices / Professional Offices: One space for each 200 sq. ft. of floor area.  Automobile Sales / Repair: One space for each 500 sq. ft. of floor area.  All uses not enumerated above which are permitted in "M" districts: One space for each 2 employees on largest shift; in no case less than one space for each 2,000 sq. ft. of floor area.  (Section 6119 San Mateo Couty Zoning Code)	Manufacturing / Assembly / Warehouse: One Space per 1,500 s.f.  Office: One Space per 300 s.f.  Research & Development: One Space per 600 s.f.  (Zoning Table 18.140.040)	Business, Professional, Financial and Government: One Space per 250 s. f.  Warehouse and Storage Buildings: One Space per 2,000 s. f.	
<b>Design Review</b>	None.	Applications for construction permits must include architectural drawings showing elevations and landscaping to be considered by the Planning Commission to assure that the appearance of buildings and grounds are in keeping with the character of the neighborhood etc. (18.116.130)	No building permit for a new structure, exterior alteration or enlargement, no certificate of occupancy or enlargement of an existing use shall be issued unless the site plan, the architectural elevations, color palette and landscaping have been approved by the Commission	



	Existing County Designation	City of San Carlos	City of Belmont	
			South of Harbor Blvd.	North of Harbor Blvd.
Landscaping	Planter or landscaped area at least 4 ft. wide required where parking areas adjacent to street rights-of-way. Where a parking area has a capacity of more than 10 spaces, landscaped area shall not be less than 5% of total parking lot area.  (Section 6121 San Mateo County Zoning Code)	No requirements regarding landscaped area.  4 ft. Maximum for fences, walls and hedges in front yard  6 ft. Maximum for fences, walls and hedges in rear and side provided certain conditions are met	A minimum of 10% of the gross site area shall be devoted to landscape design features.  Site Plans showing contours, proposed layout, sketches, elevations etc. required  Continuing maintenance required.	
Disposition of Non-Conforming Uses at Time of Annexation	Not applicable. No new areas would be included in the County.	Would be “grandfathered” and allowed to continue as legally non-conforming. Could not be expanded or replaced if over 50% were destroyed.		



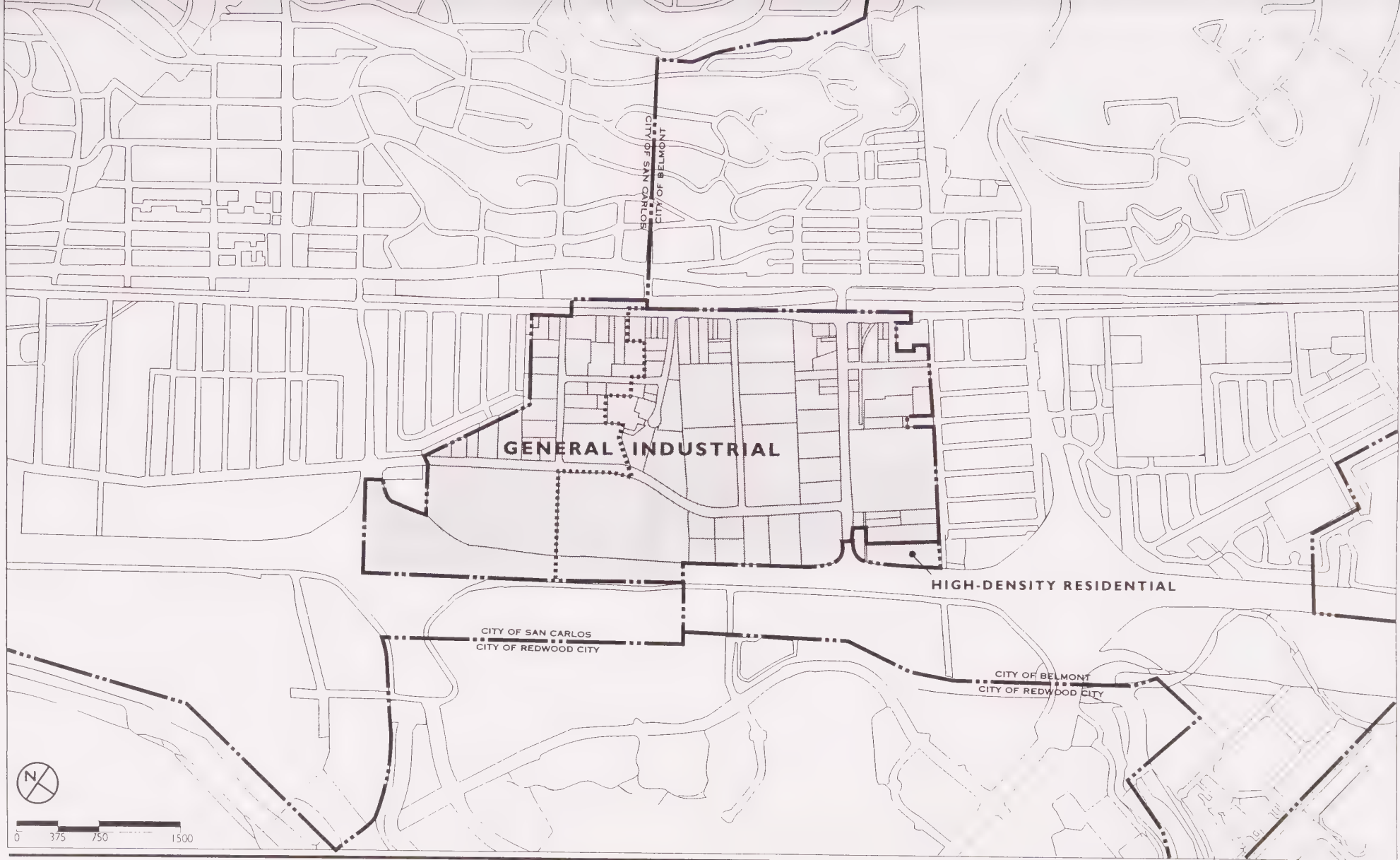


FIGURE 3

## SAN MATEO COUNTY GENERAL PLAN LAND USE DESIGNATIONS

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY





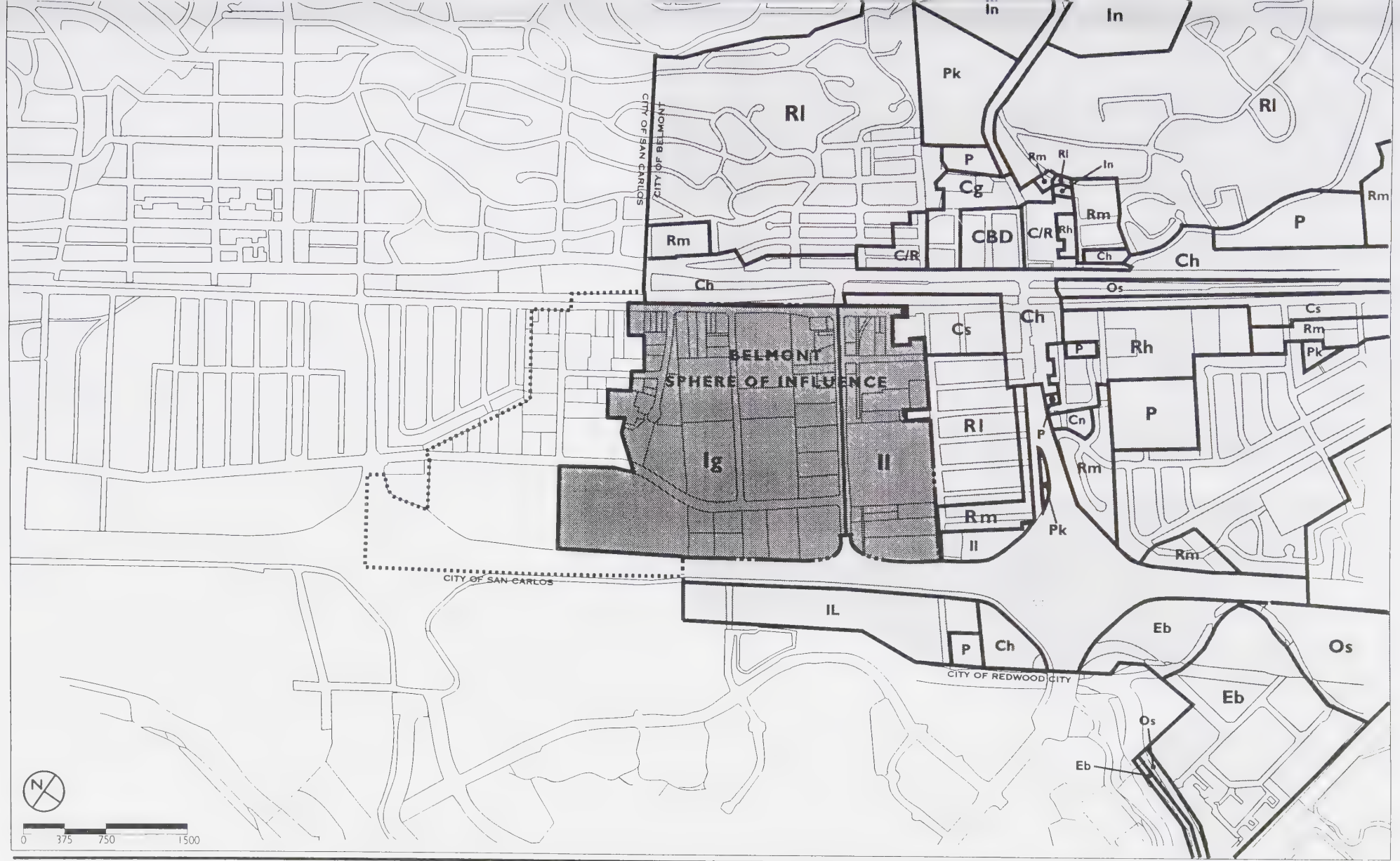


FIGURE 4

## SAN MATEO COUNTY ZONING DESIGNATIONS

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY





- |                                      |   |
|--------------------------------------|---|
| <b>RI</b> LOW-DENSITY RESIDENTIAL    | <b>Cn</b> NEIGHBORHOOD COMMERCIAL           |
| <b>Rm</b> MEDIUM-DENSITY RESIDENTIAL | <b>CBD</b> CENTRAL BUSINESS DISTRICT        |
| <b>Rh</b> HIGH-DENSITY RESIDENTIAL   | <b>Cg</b> GENERAL COMMERCIAL                |
| <b>P</b> PUBLIC FACILITIES           | <b>Ch</b> HIGHWAY COMMERCIAL                |
| <b>Pk</b> PARKS                      | <b>Cs</b> SERVICE COMMERCIAL                |
| <b>In</b> INSTITUTIONS               | <b>C/R</b> COMMERCIAL/RESIDENTIAL MIXED USE |
| <b>II</b> LIGHT INDUSTRIAL           | <b>Eb</b> EAST BELMONT MIXED-USE            |
| <b>Ig</b> GENERAL INDUSTRIAL         | <b>Os</b> OPEN SPACE                        |

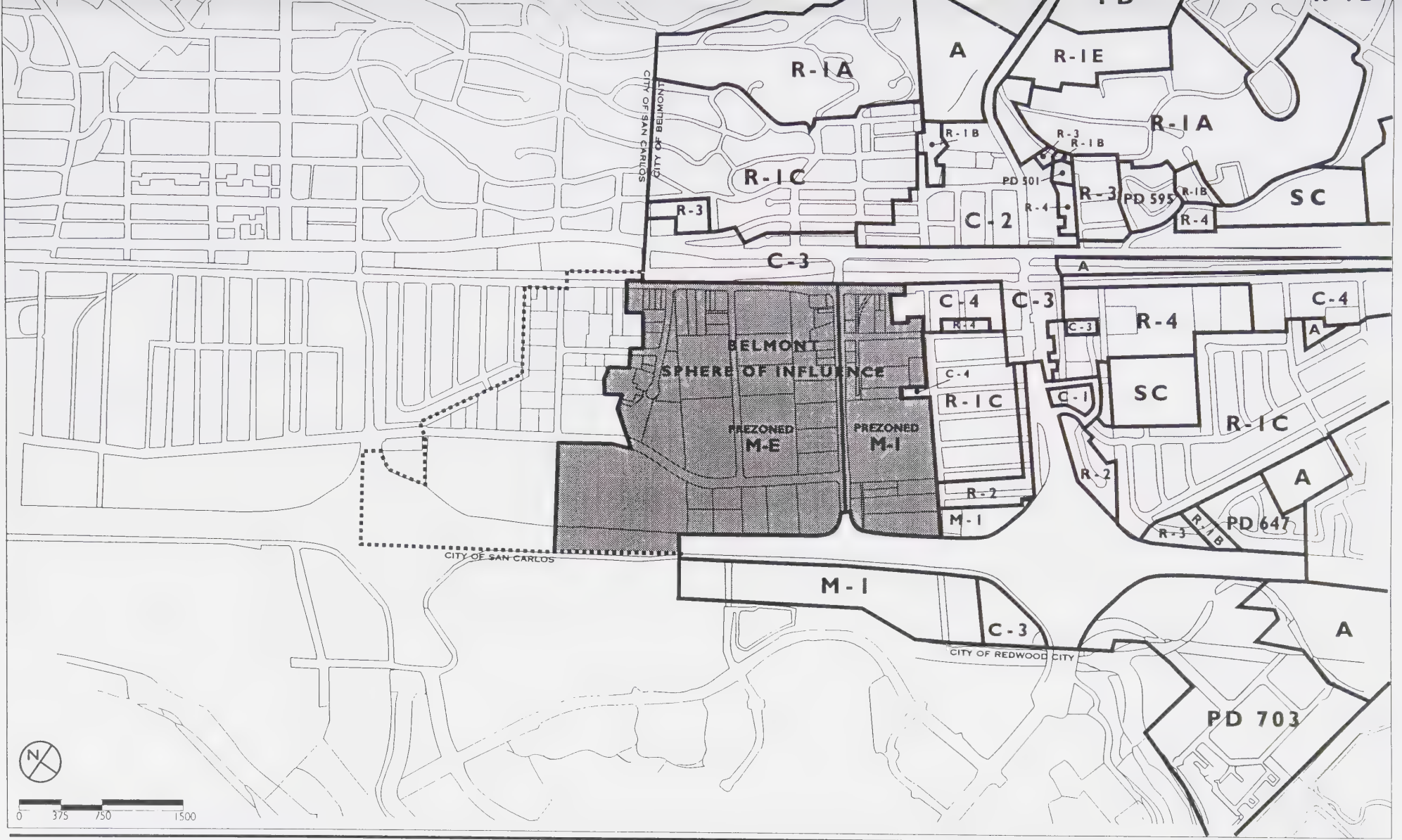
FIGURE 5

## BELMONT GENERAL PLAN LAND USE DESIGNATIONS

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY







**R-1A** SINGLE FAMILY RESIDENTIAL (-9600 SQ. FT.)  
**R-1B** SINGLE FAMILY RESIDENTIAL (-6000 SQ.FT.)  
**R-1C** SINGLE FAMILY RESIDENTIAL (-5000 SQ.FT.)  
**R-1E** SINGLE FAMILY RESIDENTIAL (-1 ACRE)  
**R-2** DUPLEX  
**R-3** MULTI-FAMILY RESIDENTIAL (-1950 SQ.FT.)  
**R-4** MULTI-FAMILY RESIDENTIAL (-1450 SQ. FT.)  
**PD** PLANNED DEVELOPMENT

**C-1** NEIGHBORHOOD COMMERCIAL  
**C-2** GENERAL COMMERCIAL  
**C-3** HIGHWAY COMMERCIAL  
**C-4** SERVICE COMMERCIAL  
**M-1** LIMITED MANUFACTURING  
**M-E** EXCLUSIVE MANUFACTURING  
**A** AGRICULTURE AND OPEN SPACE  
**SC** SCHOOL AND OTHER COMPATIBLE USES

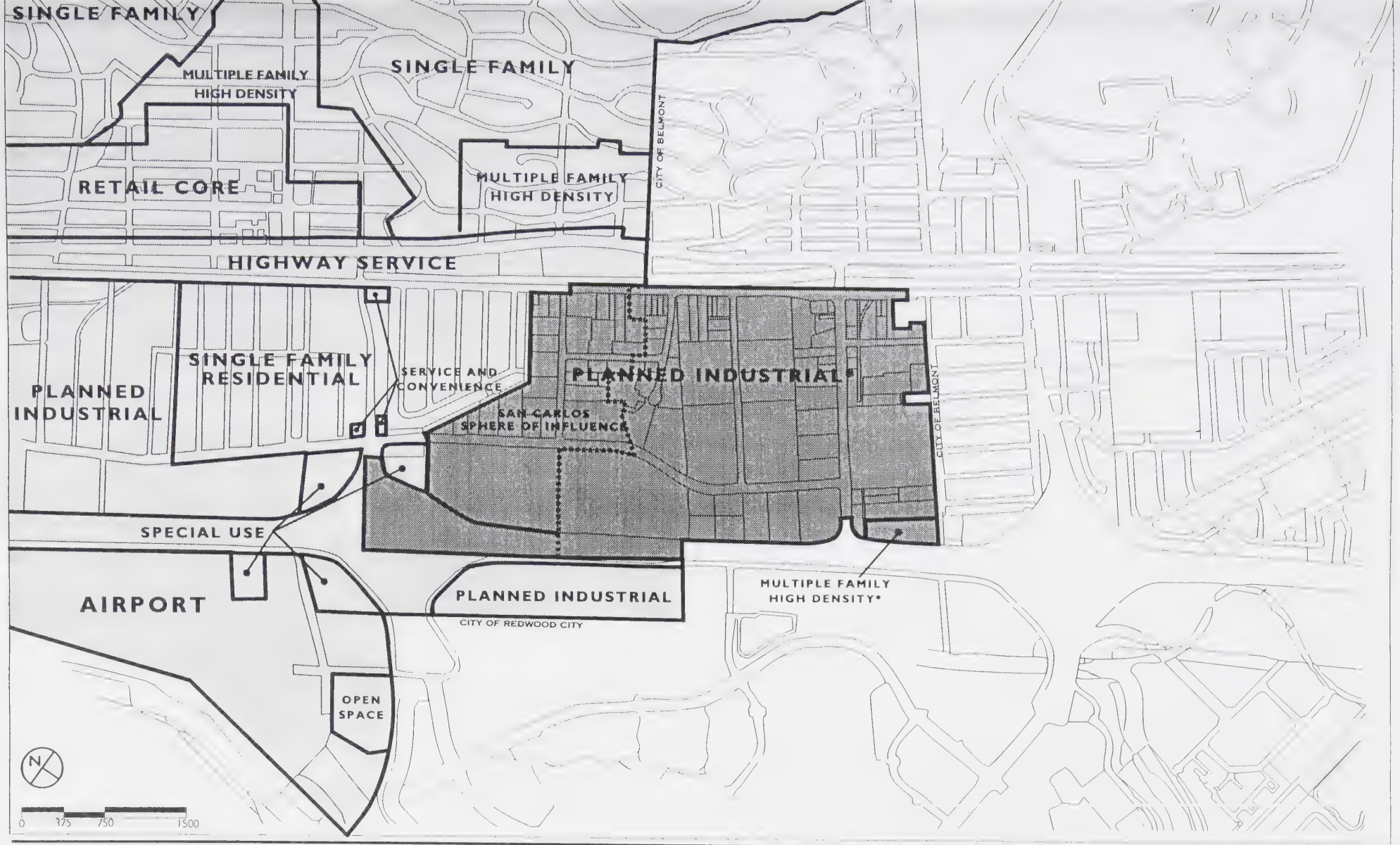
**FIGURE 6**

## BELMONT ZONING DESIGNATIONS

**HARBOR INDUSTRIAL AREA**  
 SPHERE OF INFLUENCE STUDY







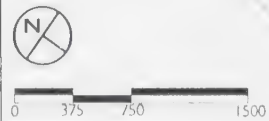
\* PROPOSED LAND USE DESIGNATION FROM  
CITY OF SAN CARLOS HARBOR INDUSTRIAL AREA ANNEXATION EIR

FIGURE 7

## SAN CARLOS GENERAL PLAN LAND USE DESIGNATIONS

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY





- M-I** LIGHT INDUSTRIAL
- C-R** CENTRAL RETAIL CORE
- C-P** CENTRAL BUSINESS PERIMETER
- C-S** HIGHWAY SERVICE / COMMERCIAL
- OS** OPEN SPACE
- PC** PLANNED COMMUNITY
- F** HOUSING PRESERVATION
- H** PARKING REQUIREMENTS

## SAN CARLOS ZONING DESIGNATIONS

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY





## Adjacent Redevelopment Project Areas

**Assessment Criteria.** As part of the orderly development of the HIA, redevelopment powers could be used to provide necessary capital improvements in the area. Since the HIA is not currently within a redevelopment area, there can be no immediate benefits from redevelopment assumed for the area. However, adjacent redevelopment areas, which exist in both cities, could provide some benefit to the HIA. For this reason, the following criterion is used in assessing redevelopment's effects on the SOI:

- SOI boundaries should consider the potential positive impact of adjacent redevelopment areas on the HIA.

**Analysis.** Belmont and San Carlos both have redevelopment project areas that adjoin the HIA, as shown in Figure 9. Given the close proximity of these existing project areas, it may be possible for either city to amend existing project area boundaries to include all or a portion of the HIA. This might allow the cities to capture additional tax increment revenue that may be used to make capital improvements in the area, and could provide a funding source to redevelop some of the parcels in the area. However, there is no indication at this time that either city is more or less likely to amend their project boundaries to include the HIA.

Although the HIA is not part of a redevelopment project area, the adjacent Belmont project area includes Highway 101 and the Harbor Boulevard interchange. As a result, Belmont could spend tax increment funds in the freeway right-of-way to make improvements including the construction of a sound wall to attenuate freeway noise at the existing mobile home park in the northeast corner of the HIA. The construction of a sound wall is presently on Caltrans' list for sound wall construction, and could receive a higher priority if the City were to commit funds to the project. Belmont might be more likely to make this commitment if the mobile home park were annexed to Belmont, although this action would theoretically be possible even if the mobile home park were annexed to San Carlos. Belmont has made no binding commitment that it would appropriate funds for the sound wall upon annexation, but it has stated an interest in doing so.

The impacts of each Alternative on redevelopment are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* Under this Alternative, the San Carlos redevelopment project area could be expanded to include all or a portion of the HIA. This would allow the City to spend tax increment funds within the HIA, and allow the City to assist interested property owners in the redevelopment of their property. However, given the current boundaries of the Belmont project area, this alternative would not allow San Carlos to fund the sound wall described above.

*Alternative 2: Designate HIA as All in Belmont SOI.* Under this Alternative, the Belmont redevelopment project area could be expanded to include all or a portion of the HIA. This would allow the City to spend tax increment funds within the HIA, and could provide an incentive for the City to spend existing tax increment revenues on the construction of a sound wall, even without an expansion of the redevelopment project area.

*Alternative 3: Maintain Current SOI.* This Alternative, which reflects current SOI conditions, would continue to allow each city to amend their respective redevelopment project areas to include all or a portion of the HIA within their sphere of influence, upon annexation to the City. Since the northern portion of the HIA would become part of Belmont, the City could use existing tax increment revenues to build a sound wall, even if the project area was not amended to include the HIA.





*Alternative 4: Exclude HIA from All City Spheres.* This Alternative would not provide the opportunity for any part of the HIA to be included in either city's redevelopment project area. As a result, the only way the HIA could benefit from the powers of redevelopment would be if the County created a project area that included all or a portion of the HIA. Under this alternative, Belmont could still expend tax increment monies to construct a sound wall, but it is unlikely that the City would expend funds to benefit an area outside of its jurisdiction.

**Findings.** While the powers of redevelopment may ultimately be used to benefit portions of the HIA, the most immediate direct benefit resulting from redevelopment would be the construction of a sound wall to attenuate freeway noise at the mobile home park. Since the sound wall would be constructed in the freeway right-of-way, which is part of the Belmont redevelopment project area, SOI alternatives that allow for the northern portion of the HIA to ultimately be annexed to Belmont (Alternatives 1 & 3) are considered to be superior.





FIGURE 9

## REDEVELOPMENT AREAS

-  SAN CARLOS REDEVELOPMENT AREA
-  BELMONT REDEVELOPMENT AREA



## Housing “Fair Share” Compliance

**Assessment Criteria.** San Mateo County LAFCo’s policies mandate that LAFCo consider “policies and practices of the local agency which can provide for the preservation and development of a balance between residential, commercial, industrial, agricultural and open space uses.”<sup>38</sup> This implies a larger concern on LAFCo’s part with the impact of SOI designations on a city’s ability to comply with “fair share” housing provision as outlined in State Housing Element Law (*California Government Code 65580 et.seq.*). Since this “fair share” compliance involves formulas that consider SOIs for each city, it is important to evaluate the impact of a change in SOI designations. The following criterion is used:

- SOI boundaries should consider the need to provide an adequate supply of housing in each jurisdiction, as determined by the Association of Bay Area Governments (ABAG) and the California Department of Housing and Community Development (HCD).

**Analysis.** Under State law, ABAG allocates “fair share” housing production goals for the region to each of the communities in the Bay Area. Each community is required by law to adopt a General Plan Housing Element describing how this fair share will be met. This Housing Element must also be reviewed and certified by HCD in order to legally be considered in compliance with State law.

The City of Belmont adopted a Housing Element in 1991 that has been certified by HCD as containing sufficient policies and programs to meet the required fair share. The City of San Carlos’ Housing Element has not been certified by HCD, in part because it does not identify adequate sites to comply with regional fair share allocations<sup>39</sup>. However, the City of San Carlos has “self-certified” its Housing Element, since it believes that the Housing Element adequately meets HCD’s stated concerns.

The “fair share” calculation is based on a number of factors which include the amount of employment in each city’s SOI compared to the housing supply located within just the city limits. Housing supply located outside the city limits, but inside the SOI, is not permitted to be counted toward meeting the “fair share” requirements. This allocation method implies that the employment associated with the commercial and industrial uses in the HIA is attributed to the cities, but the housing provided by the mobile home park is not. If the SOI boundaries in the HIA were changed, ABAG would probably need to adjust regional fair share calculations to reflect the changes. Such an adjustment might be immediate or it could begin at the start of the new ABAG planning period (the current ABAG planning period was supposed to end in 1997 but has been extended to 1998).

The adjustment would result in a transfer of regional share allocations from one city to the other, depending on the scope of annexation or change in SOI. Presumably, reductions in a city’s SOI in the HIA would also reduce the City’s overall fair share allocation, while increases in an SOI would increase the fair share allocation, due to shifts in how employment is attributed to each city. However, there is no specific formula that would allow the calculation of the new fair share allocations prior to changes to the SOI. In general, it can be assumed that the addition of jobs to San Carlos’ SOI might make it more difficult for San Carlos to meet its fair share, and the addition of jobs to the Belmont SOI could possibly endanger Belmont’s certified Housing Element, although these impacts have not been calculated as part of this Study. Annexing the mobile home park to either city would increase its housing supply, thereby increasing that city’s ability to meet its fair share. However, the mobile home park’s 118 units

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<sup>38</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. IV.3.e.

<sup>39</sup> Letter from HCD to Michael Garvey, San Carlos City Manager, April 25, 1991, pg. 3.





would not offset San Carlos' current fair share shortfall of at least 150 units, so it would not result in a certifiable Housing Element for San Carlos.

The impacts of each Alternative on "fair share" compliance are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would place all the HIA's job-generating uses within San Carlos, further impacting the City's ability to meet its housing fair share allocation. While annexation of the mobile home park into San Carlos may partially off-set the housing shortfall, the addition of a significant number of employees to the allocation formula will likely result in a continued housing shortfall. For Belmont, this alternative's impact would likely be positive or neutral, since Belmont already meets its regional fair share and no new obligation would be created.

*Alternative 2: Designate HIA as All in Belmont SOI.* This Alternative would place all the job generating uses in Belmont, thereby reducing the employment factor in San Carlos's allocation, and potentially enabling San Carlos to meet its allocation in future years. It is uncertain how this Alternative would affect Belmont's overall ability to meet its regional fair share, since it would add additional jobs to Belmont's SOI that may not be matched by its housing supply even with the annexation of the mobile home park.

*Alternative 3: Maintain Current SOI.* This Alternative would maintain the current "fair share" allocations since employment within the SOI areas is currently allocated to the respective cities.

*Alternative 4: Exclude HIA from All City Spheres.* This Alternative would reduce the employment factors for each city since no part of the HIA would be included in either city's SOI. This reduction is expected to aid San Carlos in meeting its "fair share" allocation, and is not expected to negatively impact Belmont.

**Findings.** Given that the HIA is a fully developed commercial/industrial area, any changes to current SOI designations could affect a city's "fair share" allocation of housing as determined by ABAG. The exact impacts of each alternative would require a full analysis by ABAG the next time it completes its fair share allocations.



## VII. CIRCULATION ASSESSMENT

### Vehicular Circulation

**Assessment Criteria.** San Mateo County LAFCo's policies mandate that LAFCo consider "the sources of automobile, bus and truck traffic causing congestion,"<sup>40</sup> and imply more generally that local governments should be able to control land uses in those areas whose traffic impacts affect their jurisdictions. For this reason, the following criteria are used:

- SOI boundaries should be drawn so that, to the extent possible, cities will gain control of those adjacent unincorporated areas that generate traffic conditions which negatively impact the city.
- SOI boundaries should be drawn to reflect existing circulation patterns through an area, so that areas with large numbers of trips between them are in the same jurisdiction where ever possible.
- SOI boundaries should be drawn so that streets and freeway interchanges associated with a particular city will ultimately be within that city.

**Analysis.** The significant circulation features that "bracket" the HIA are Ralston Avenue to the north, Highway 101 to the east, Holly Avenue to the south, and Old County Road and El Camino Real to the west. Harbor Avenue is an east/west arterial street that bisects the HIA in the northern portion, while Industrial Boulevard is the major north-south arterial through the HIA.

The HIA is served by three highway access points and by connections to surface streets. Freeway interchanges serving the HIA include a full interchange at Ralston Avenue in Belmont, a full interchange at Holly Avenue in San Carlos, and a partial interchange at Harbor Boulevard in the HIA. The Ralston and Holly interchanges allow traffic to enter and exit US 101 for both north and south bound directions, while the Harbor Blvd. exit only allows traffic to enter and exit south bound US 101.

As part of the San Carlos EIR, a traffic study was prepared by Barton Aschmann Associates. The data on turning movement counts at key intersections which serve the HIA serves as the basis for the analysis that follows. While the analysis concentrates on the PM peak hour, which has the most severe traffic conditions, similar results can also be calculated for the AM peak hour.

*Roadway Connections.* There are seven intersections along the edge of the HIA, as shown in Figure 10. Of these, two connect the HIA directly to Belmont, two connect the HIA to San Carlos, and the remaining three intersections do not connect directly to either city. Of these "neutral" intersections, one is a highway connection which is physically located within the territory of the City of Belmont and which is therefore identified with Belmont.

Circulation in the area is limited by the presence of the Joint Powers Board railroad tracks, which run parallel, and lie between Old County Road and El Camino Real. There are three crossings from the HIA

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<sup>40</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. IV.3.a



vicinity across the tracks to El Camino Real; two in Belmont and one in San Carlos. Of the three connections, the one most closely allied with the HIA (Harbor Blvd.) is located in Belmont.

*HIA Traffic Impacts on Adjacent Cities.* There is no available data tracking individual vehicles with origins or destinations in the HIA and their routes outside of the area. Such data could only be gathered through a license plate survey or similar study that would actually observe individual vehicles moving through the area. However, the San Carlos EIR's traffic study provides turning movement counts for intersections around the perimeter of the HIA. Based on these counts, it is possible to estimate the numbers of trips entering and leaving the HIA that impact the two adjacent cities. An analysis of PM peak hour trips showed that most trips leaving the area impact Belmont rather than San Carlos. During the PM peak hour, most trips associated with the HIA would be outbound trips, since the HIA is primarily an employment rather than a residential area. During the PM peak hour, roughly 70% of the trips leaving the HIA enter Belmont, while 30% enter San Carlos, as shown in Figure 11.

This analysis does not, by itself, account for "pass-through" trips that originate in one city, move through the HIA, and then exit into the other city. This would be of particular concern since a large number of PM peak hour trips enter the HIA from the Highway 101/Harbor Blvd. interchange, and probably pass through the HIA to go to residences further west. Therefore, the analysis was refined to reflect a percentage of trips entering the HIA that appear to be pass-through trips. The trips entering the area, and the percentages that were assumed to be pass through trips, are shown in Figure 11. The percentages are estimates only, since there is no data on origins and destinations in the area. After reducing trip volumes to account for these pass through trips, calculations show that 58% of trips generated by the HIA appear to impact Belmont, while 42% appear to impact San Carlos.

In summary, it appears that traffic generated by the HIA more greatly affect the City of Belmont than it does San Carlos.

*Freeway Interchange Use.* The majority of traffic using the Harbor Boulevard exit of the Ralston/101 interchange appears to have a destination either in the HIA or in Belmont. During the PM peak hour, approximately 600 vehicles exit Highway 101 onto Harbor Boulevard and continue west on Harbor. Those vehicles with destinations in Belmont can turn right (north) at Elmer Street, or turn either right (north) or left (south) at El Camino. Those vehicles which turn left can have destinations in either San Carlos or Belmont, since portions of Belmont and all of San Carlos are to the south of the El Camino Real/Harbor Boulevard intersection.

During the PM peak hour, approximately 52% of the vehicles turn right and 48% turn left from Harbor Blvd. onto El Camino Real. Further analysis suggests that among vehicles turning left on El Camino Real, half probably have destinations in Belmont, with the other half having destinations in San Carlos. This analysis is based on the assumption that most vehicles traveling to destinations in San Carlos that lie to south of Holly Street would use the Holly St. exit from Highway 101. Therefore, vehicles turning left from Harbor Boulevard onto El Camino Real probably have destinations between Harbor Boulevard and Holly Street. Approximately half of this area is located in each of the two cities.

This analysis suggests that the Harbor Boulevard freeway exit, which clearly serves the HIA, also serves Belmont more than it serves San Carlos.

*O'Neill Street Traffic Barriers.* Traffic barriers erected along O'Neill street prevent through-traffic from traversing along the six streets located in Belmont's Homeview neighborhood that terminate at the northern boundary of the Harbor Industrial Area. The Homeview neighborhood is comprised of one- and





two-story single family homes along relatively narrow, tree-lined streets. In the past, residents of the area complained of non-residential traffic, particularly trucks, using their streets and creating noise, congestion and safety problems. The traffic barriers along O'Neill Street at the northern edge of the HIA relieve the adjacent residential area from through-traffic originating in the HIA, and appear to be a rational solution to the problems previously caused by HIA traffic.

The traffic barriers do not substantially lengthen trip distance from the Harbor Industrial Area, nor do they add a significant number of turning movements for northbound vehicles. Only those parcels in the HIA located along Harbor Boulevard, Elmer Street and O'Neill Street are affected by the barriers at all, and these parcels are only affected in terms of access to Highway 101 northbound or to points north of the HIA and east of Highway 101. Access to Old County Road, El Camino Real, Industrial Boulevard, and Highway 101 southbound is not affected by the barriers.

Moreover, most of the affected parcels have their access pattern changed by the addition of two short blocks of driving, without additional turning movements. Irwin, Judson and Kedith Streets, on the east side of the Homeview neighborhood, provide no direct access to the Ralston Avenue freeway bridge or interchange, so traffic using these streets would have to turn west before heading east to access the freeway in any case. Only traffic that might use Furlong, Granada and Hiller Streets is actually rerouted by the barriers. The frontage of O'Neill Avenue along Granada and Hiller Streets is a vacant lot with its major frontage on Harbor Boulevard, so it is not affected by the barriers. Thus a total of two lots between Elmer and Furlong Streets on O'Neill Avenue potentially have both their trip lengths and the number of turning movements extended by the traffic barriers.

There is no indication that the traffic barriers along O'Neill Street result in HIA traffic to be directed to the Holly Street interchange or other San Carlos streets. As stated above, the barriers only affect access for trips headed north, since southbound trips from the HIA can enter Highway 101 via the Harbor Boulevard interchange. Trips coming to the northern part of the HIA via Highway 101 northbound would be equally likely to use the Holly Street interchange, regardless of the presence of the traffic barriers, since a routing on Holly Street would be shorter.

In summary, the northern portion of the HIA, north of Harbor Boulevard, has created traffic impacts in the past on the Homeview neighborhood. The installation of traffic barriers appears to have been a logical response to these problems on the part of Belmont and the barriers do not appear to have had a significant effect on traffic in the HIA.

The impacts of each Alternative on traffic conditions are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* While this Alternative would give San Carlos jurisdiction over traffic-related HIA conditions that affect San Carlos, it would not allow Belmont to control any portion of the traffic conditions related to the HIA, particularly in the northern part of the area, where traffic impacts are most significant.

*Alternative 2: Designate HIA as All in Belmont SOI.* This Alternative would give Belmont jurisdiction over HIA traffic related issues particularly in the northern part of the area traffic impacts are most significant. However, it would not allow San Carlos to control those portions of the HIA that create traffic impacts on that City.

*Alternative 3: Maintain Current SOI.* This Alternative, upon annexation, would allow Belmont to gain control over the circulation features in the northern portion of the HIA which most directly affect



Belmont. In addition, it would allow San Carlos to control the southern portion of the HIA which generates traffic impacts that affect San Carlos.

*Alternative 4: Exclude HIA from All City Spheres.* Under this Alternative, the HIA and related traffic impacts would not be under the control of either City.

**Findings.** The data presented in this analysis shows that traffic originating from, or passing through the HIA tends to have a more significant impact on Belmont than San Carlos. Therefore, Alternatives 2 and 3 would best satisfy the assessment criteria set forth at the beginning of this section by allowing Belmont to control some or all of the land uses in the HIA and their related traffic impacts, as well as the significant circulation features located in the HIA.







FIGURE 10

## INTERSECTION RELATIONSHIPS

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY



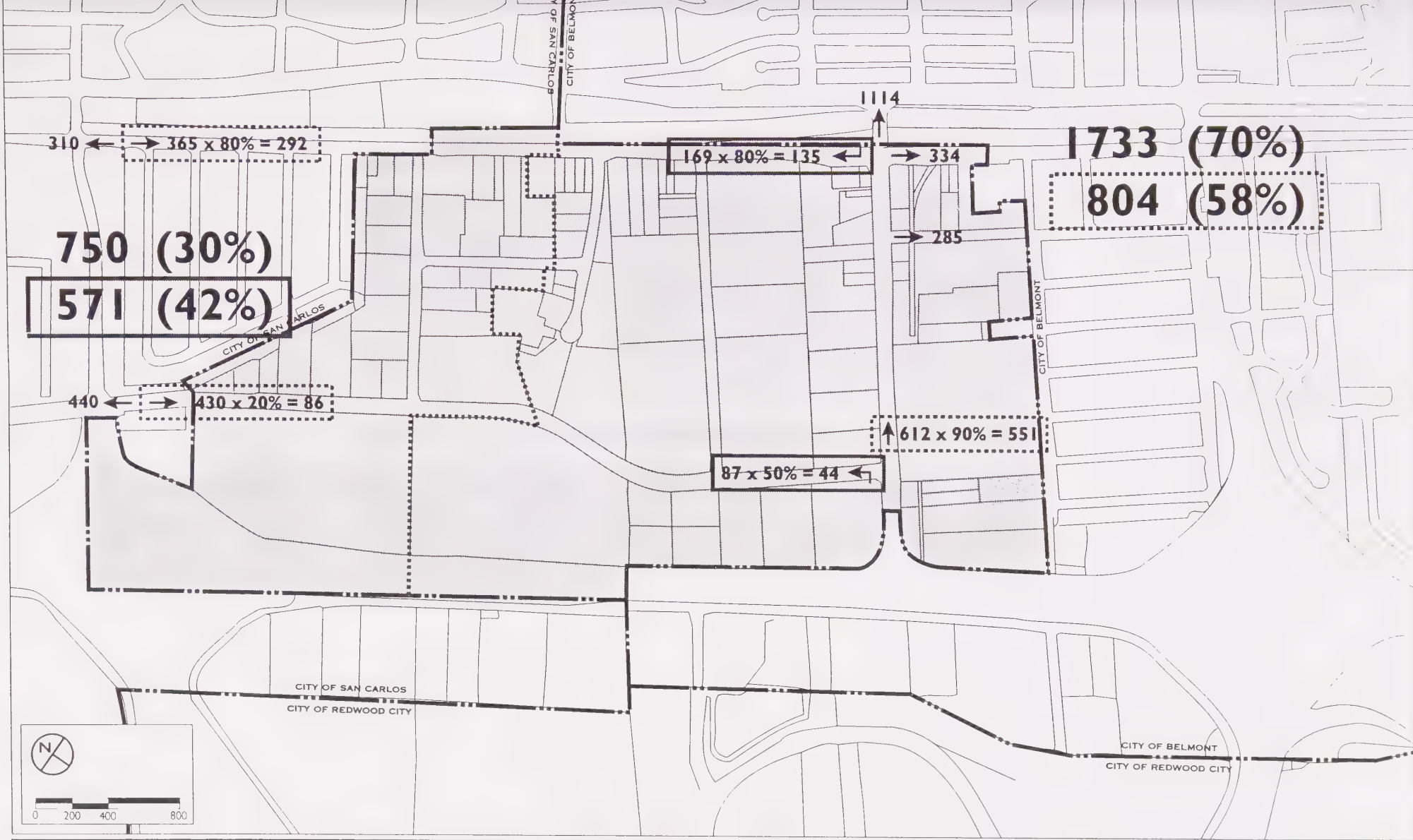


FIGURE 11

## TRAFFIC FROM THE STUDY AREA

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY



## Public Transportation

**Assessment Criteria.** LAFCo policies imply the desire to place logically-defined, identifiable communities under a single jurisdiction, and to keep together “communities of interest” where ever possible. One basis for determining a community of interest is the interconnection of existing transit lines within the area to nearby cities. For this reason, the following criterion is used:

- SOI boundaries should be drawn so as to reflect interconnections afforded by transit lines.

**Analysis.** The HIA and the area around it are served by SamTrans, CalTrain, and a shuttle bus from the San Carlos CalTrain station into the HIA. SamTrans bus service does not extend into the HIA, but is available on El Camino Real. These bus lines run north south through all of San Mateo County, and do not create special connections between the HIA and either San Carlos or Belmont.

CalTrain operates rail service on the Joint Powers Board rail line between San Francisco and San Jose/Gilroy, with stops at stations in both San Carlos and Belmont, as shown in Figure 12. The Belmont station is marginally closer to the HIA than the San Carlos station.

Shuttle bus service currently operates between the San Carlos CalTrain station, the industrial area located in San Carlos, and the HIA (see Figure 12). This service was initiated as a result of State legislation that funded four privately-operated shuttle services in San Mateo County. One of the four original grantees, the City of San Carlos, received funds to operate a shuttle between the train station and its own industrial area. When service was initiated, the Harbor Industrial Association requested that the HIA also be provide shuttle service, and the City of San Carlos agreed. Since service inception, funding sources have changed and operations have been transferred from a private operator to SamTrans; however, the service continues to be funded from special sources not related to normal SamTrans operations. Shuttle funding consists of 75% AB434 funds under the jurisdiction of SamTrans and 25% local matching funds paid by the City of San Carlos as an employer in the area. The City bills portions of this 25% match to other employers in San Carlos and the HIA. In the past, employers in both the City and the HIA, including members of the Harbor Industrial Association, have all contributed financially to the service. This shuttle bus service creates a connection between almost all of the HIA and San Carlos.

The impacts of public transportation on each Alternative are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* The only public transit into the HIA is the shuttle connecting the San Carlos CalTrain station with the HIA. Placing the HIA within the San Carlos jurisdiction would be consistent with this connection.

*Alternative 2: Designate HIA as All in Belmont SOI.* Placing all of the HIA in Belmont’s SOI would be inconsistent with existing transit connections in the area. Since the only transit into the area connects the HIA with San Carlos and the San Carlos CalTrain station, it would not be a reflection of current local transit connections to place the HIA in Belmont’s SOI.

*Alternative 3: Maintain Current SOI.* Leaving the HIA divided between the two cities’ SOI would partially reflect existing transit connections in the area. All of the HIA has a transit connection to San Carlos, and keeping a portion of the HIA in San Carlos’ SOI would reflect that connection. However,



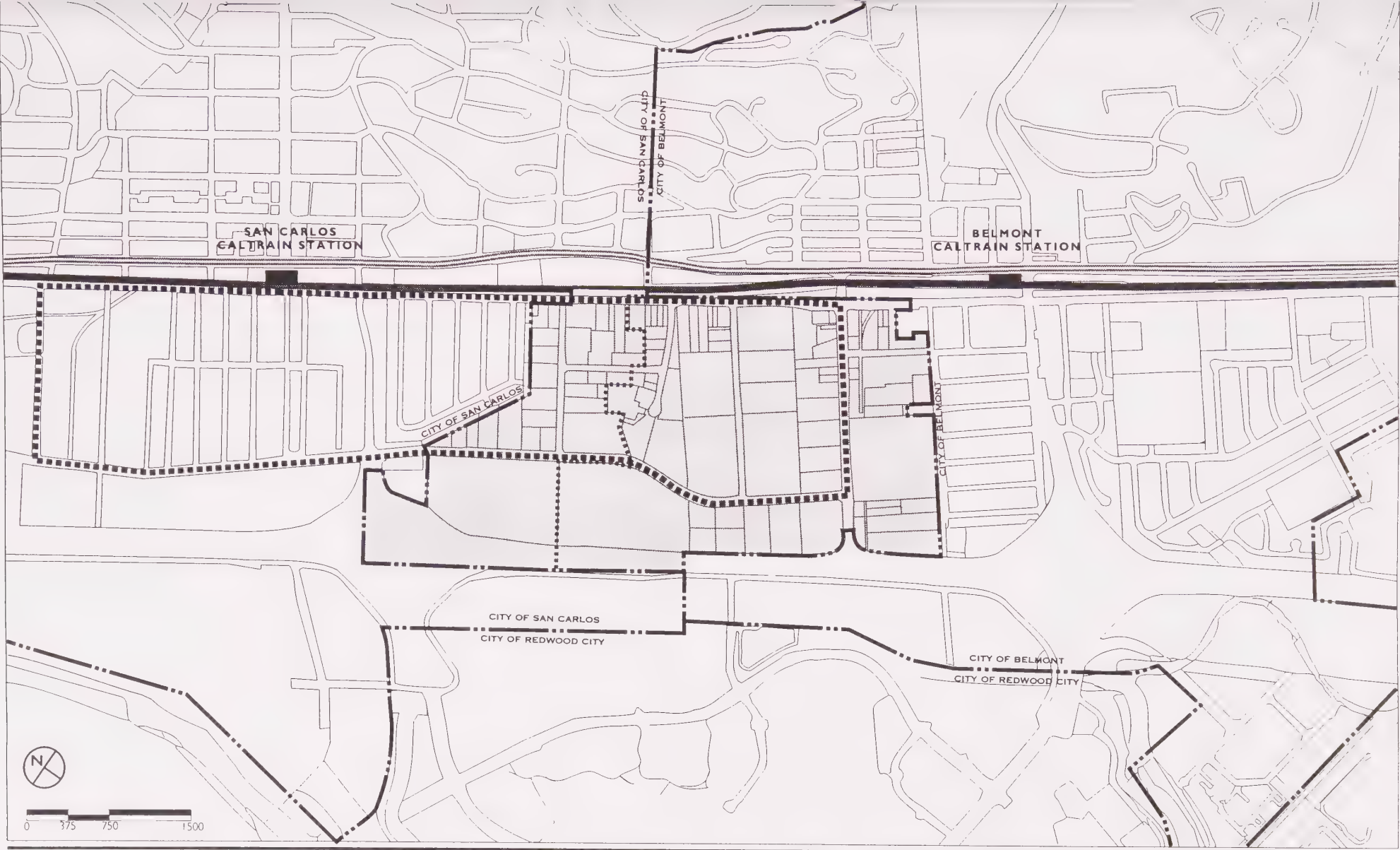


the portion of the HIA in Belmont's SOI is also connected by transit to San Carlos, and leaving this area in Belmont's SOI would not reflect existing transit connections to San Carlos.

*Alternative 4: Exclude HIA from All City Spheres.* Removing the HIA from both cities' SOI would be inconsistent with existing transit connections in the area. The HIA is connected via transit with San Carlos and the San Carlos CalTrain station, so it would not be a reflection of local transit connections to remove the area from San Carlos's SOI.

**Findings.** The only transit service that enters the HIA is the shuttle bus service that connects the HIA to San Carlos and the San Carlos CalTrain station. Therefore, the best way to reflect existing transit connections through SOI boundaries would be to include the entire HIA in San Carlos' SOI, as allowed under Alternative 1. Alternative 3 would be the second most desirable alternative in this regard, since it would include at least a part of the HIA in San Carlos' SOI.





- HARBOR INDUSTRIAL AREA SHUTTLE
- CALTRAIN ROUTE
- SAMTRANS ROUTE

FIGURE 12

## TRANSIT IN THE STUDY AREA VICINITY



## VIII. NOISE ASSESSMENT

**Assessment Criteria.** San Mateo County LAFCo's policies imply that SOI boundaries should be drawn to allow communities to control noise that could negatively impact them, and specifically mandate that LAFCo consider "the impacts of residential, commercial and industrial noise and artificial lighting."<sup>41</sup>

Based on these policies and criteria, this report assesses noise issues according to the following:

- SOI boundaries should be drawn where possible to ultimately allow jurisdictions to control noise sources that adversely affect existing parts of the jurisdiction.

**Analysis.** The predominant source of noise in the HIA and surrounding areas is Highway 101, with smaller noise volumes contributed by the rail line and traffic on other major streets such as Industrial Boulevard, Old County Road, and El Camino.

The 1982 Belmont General Plan and the 1991 San Carlos General Plan both show noise contours in the vicinity; however, the General Plans differ in the absolute noise levels shown. The Belmont General Plan shows that noise levels near Highway 101 are above 80 dB  $L_{dn}$ , tapering to about 65 dB  $L_{dn}$  half way between Highway 101 and Old County Road. The San Carlos General Plan, on the other hand, shows lower noise levels, with noise contours along Highway 101 at a maximum of 77 dB  $L_{dn}$ , with noise contours diminishing to 60 dB  $L_{dn}$  about one-third of the way between Highway 101 and Old County Road. However, both cities' documents agree in the basic finding that noise in the area runs in contours that are determined by the freeway and other transportation corridors.

**Findings.** Given that most noise in the HIA and surrounding area results from the presence of Highway 101, which is a regional facility, there is no clear implication from noise regarding appropriate SOI boundaries. All four alternatives would perform the same with regard to noise.

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<sup>41</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. IV.3.b.





## IX. PUBLIC SERVICES ASSESSMENT

**Assessment Criteria.** State statutes and San Mateo LAFCo's policies make several references to the provision of public services. State statute notes that in determining sphere of influence, the LAFCo should consider "the present and probable need for public facilities and services in the area"<sup>42</sup> and "the present capacity of public facilities and adequacy of public services which the agency provides or is authorized to provide"<sup>43</sup>. General LAFCo policies state that one goal of LAFCo is to "discourage the proliferation of local governmental agencies and the existence of overlapping public service responsibilities."<sup>44</sup> In addition, other general LAFCo policies note that

It is the intent of LAFCo to encourage the rationalization of local government through the elimination or consolidation of small, single purpose districts. Wherever the full range of urban services is required, general purpose governments are preferred to special districts for the provision of services.<sup>45</sup>

Finally, the LAFCo criteria for allocating areas to city spheres of influence notes that "an analysis should be made of the need for the established community, city and special district services; the present cost and adequacy of governmental services; probable future need for such services; probable effect of the immediate and long range development within the proposed sphere of influence."<sup>46</sup>

Based on the statutes, policies, and criteria listed above, the assessment criteria for the following analysis are as follows:

- SOI boundaries should be drawn to aid in the elimination or consolidation of agencies with overlapping jurisdictional interests.
- SOI boundaries should be drawn to insure that the full range of municipal services can be provided to the area upon annexation.

These assessment criteria are applied to the provision of fire protection, police protection, water service, wastewater collection and treatment, storm drainage, street lighting, roadway maintenance, solid waste management, and general government services.

### Fire Protection

Fire protection service for the entire HIA (except for six parcels) is currently provided by the South County Fire Authority (SCFA), a joint powers agency of the City of San Carlos and the Belmont Fire Protection District (BFPD) established in 1979. The six parcels excluded from SCFA service are served by the California Department of Forestry.

The SCFA is operated under a joint powers agreement whereby both San Carlos and the BFPD contribute equally to the cost of operations and administration. The Authority has three stations that provide service to the HIA, located at the intersection of Ralston Street and Granada Street in Belmont.

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<sup>42</sup> *Government Code*. 56425.a.2.

<sup>43</sup> *Ibid*. 56425.a.3.

<sup>44</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. III.5.

<sup>45</sup> *Ibid*. III.6.

<sup>46</sup> *Ibid*. IV.7.



at the intersection of Brittan Avenue and Industrial Way in the City of San Carlos, and at 525 Laurel Street in San Carlos. Both the San Carlos and Belmont EIR's note that the response time from each station to the HIA is approximately two minutes.

The impacts of each Alternative on fire protection are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* Under this Alternative, fire protection service would continue to be provided by the SCFA. However, the properties in the HIA that are currently part of the BFPD would be detached from the district as they are annexed to San Carlos. While this would not affect the fire protection service provided by the SCFA, it would have significant negative funding implications for the BFPD (see next chapter on Fiscal Impacts).

*Alternative 2: Designate HIA as All in Belmont SOI.* Under this Alternative, fire protection service would continue to be provided by the SCFA. In addition, the properties in the HIA would continue to be part of the BFPD and the District would not be expected to suffer any loss in revenues.

*Alternative 3: Maintain Current SOI.* If the HIA were divided along the current boundary, fire protection would continue to be provided by the SCFA, but those properties located in the San Carlos SOI would logically be detached from the BFPD upon annexation. As a result, the District would experience a loss of revenue (see next chapter on Fiscal Impacts).

*Alternative 4: Exclude HIA from All City Spheres.* Under this Alternative, fire protection service to the HIA would continue to be provided by the SCFA. Those properties that are a part of the BFPD would remain as such, and there would be no impact on district revenues.

**Findings.** Regardless of the SOI alternative selected, the HIA would continue to receive fire protection service from the South County Fire Authority. Although there will be financial implications resulting from the various SOI alternatives, these issues are addressed in the Fiscal Impact chapter of this report. Since each alternative would provide the same level of fire protection service, the four alternatives are considered to be equivalent.

## **Police Protection**

Police protection services to the HIA are currently provided by the San Mateo County Sheriff's Department from the Sheriff's Office located at 401 Marshall Street in Redwood City. Due to the isolation of the HIA relative to other unincorporated areas of the County, response times for service calls can vary based on the location of the responding officer(s). The Sheriff's Department reports that urgent calls for service are responded to within four minutes, while response times for other calls may be up to ten minutes. In addition to the County Sheriff, the California Highway Patrol (CHP) also provides services such as traffic law enforcement, hazardous materials coordination, and collision investigation to the HIA.

Currently, the Police Departments for both the cities of Belmont and San Carlos supplement the services provided by the County Sheriff and the CHP. Based on data contained in the San Carlos EIR, these agencies respond to calls in the HIA on an infrequent basis, perhaps once or twice a month. The San Carlos police report that their response time to Priority 1 calls is one to four minutes, and the Belmont Police Department reports response times of less than three minutes.



As part of the negotiation process to resolve the SOI/annexation dispute, the Police Chiefs for both cities prepared a memo that outlined the additional resources required to provide the HIA with police services and response times equivalent to those found in their respective jurisdictions. The conclusion of that memo was that one additional officer would be needed to maintain police protection levels in the HIA, regardless of which city annexed all or parts of the area. This additional officer would be assigned to an existing beat that included the HIA, and would generally be on duty from the hours of 8 am to 5 pm, Monday through Friday, when most businesses are in full operation.

The impacts of each Alternative on police protection are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would shift the responsibility for law enforcement from the County Sheriff to the City of San Carlos. The San Carlos EIR notes that this additional service responsibility may result in the need for one additional officer to serve the area, but would otherwise not significantly affect the department.

*Alternative 2: Designate HIA as All in Belmont SOI.* This Alternative would shift the responsibility for law enforcement from the County Sheriff's Office to the City of Belmont. As noted above, this increased responsibility may necessitate the addition of one officer, but would otherwise not affect the department.

*Alternative 3: Maintain Current SOI.* Allocation of the HIA along the current SOI boundary, and subsequent annexations by the respective cities would result in a shift of responsibility for protective services from the County Sheriffs Office to the cities of Belmont and San Carlos. Although the service areas under this alternative would be smaller than the two alternatives listed above, it is assumed that the cities would still be required to increase staffing levels.

*Alternative 4: Exclude HIA from All City Spheres.* Under this alternative, primary responsibility for law enforcement services would continue to rest with the County Sheriffs Office, and CHP, with additional service response being provided by the cities of Belmont and San Carlos on an as-needed basis.

**Findings.** Under the first three Alternatives, police protective services would be provided by one or both cities. Since calls for service are responded to by units patrolling designated beats within the two cities, it is unlikely that either city would have a faster response time to the HIA than the other. Therefore, for the purpose of this analysis, the police service to the HIA from either city is considered to be equivalent, and Alternatives 1 through 3 would be also be considered equivalent.

Alternative 4 would be the least desirable since it would continue to rely on the County Sheriffs for police services. Since the HIA is an unincorporated island, isolated from other unincorporated areas, response times under this alternative are expected to be slower than the first three alternatives. As a result, this Alternative would likely provide a marginally lower level of protective service to the HIA.

## **Water Service**

Formed in 1929, the Belmont County Water District (BCWD) currently provides service to a five square-mile area including the City of Belmont, two small areas in the City of San Carlos (with approximately 40 homes), and most of the properties located within the HIA. Several parcels located in the HIA, totaling approximately 4.6 acres, receive their water supply from the California Water Service Company (Cal Water), a private utility which is the main purveyor of water in the City of San Carlos. These parcels are located near the southwest corner of Bragato Way and Old County Road, and near the southeast corner of Taylor Way and Old County Road, as shown in Figure 13.





The BCWD and the Cal Water are both members of the Bay Area Water Users Association (BAWUA) and both agencies receive their water from the San Francisco Water Department's Hetch Hetchy reservoir system. As noted in the San Carlos EIR, the long term availability of this supply of water is in question due to a combination hydrological, environmental, and institutional forces affecting San Francisco's ability to supply and deliver the water. However, this uncertainty affects available water supplies for both agencies equally.

It should be noted that in the Sphere of Influence Study conducted by the San Mateo LAFCo in 1984, a coterminous sphere designation was recommended for the Belmont County Water District. This designation anticipated establishing the District as a subsidiary district of Belmont with the Belmont City Council serving as the ex-officio Board of Directors. The adopted sphere designation is intended to provide the means to simplify government structure in Belmont. Staff determined at that time that there was no practical reason for the water service to remain separated from the administration of other urban services in the long run.

The impacts of each Alternative on water service are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* As noted above, approximately 40 homes in the City of San Carlos currently receive their water from the BCWD, and annexation of the HIA to San Carlos would expand that type of service arrangement to other properties located in the HIA. While this arrangement may not have a significant impact on water service delivery to the HIA, the resulting organizational structure would complicate LAFCo's stated goal of the establishment of the District as a subsidiary of Belmont.

However, it may be possible to detach the properties in the HIA from the Belmont County Water District, both in terms of jurisdiction and physical configuration, and allow them to receive water service from Cal Water, thus allowing the possible future consolidation of the BCWD with Belmont. Based on conversations with the BCWD, this arrangement would require Cal Water to compensate or "buy-out" the district for the infrastructure and billing rights for those properties located in the HIA. In addition, capital improvements would be required to integrate the system with the rest of the Cal Water network. BCWD staff indicated that it seems unlikely that Cal Water would undertake such a venture based on the cost associated with the project and the limited rate base in the area.

*Alternative 2: Designate HIA as All in Belmont SOI.* This alternative would result in a service delivery system similar to the current structure. The property owners in the area would receive service from the Belmont County Water District, with the exception of a few parcels in the HIA (totaling approximately 4.6 acres) that would continue to receive their water from the California Water Service Company.

By allowing the HIA to be incorporated into the City of Belmont, the boundaries for the Water District and the boundaries for the City would be coterminous, with the exception of those properties receiving their service from Cal Water. This service arrangement would facilitate the LAFCo goal of consolidating the District with the City. Since Cal Water is a franchised service provider rather than a subsidiary agency of San Carlos, the fact that parcels within the City of Belmont would be receiving their water service from Cal Water is not expected to pose significant governmental or organization problems.

*Alternative 3: Maintain Current SOI.* This Alternative would result in service delivery issues similar to those outlined under Alternative 1. In short, properties annexed to San Carlos would be part of the BCWD unless some method existed to physically disconnect them from the BCWD system. The fact that



these parcels would be part of the City of San Carlos may complicate the process of the establishment of the BCWD as a subsidiary district of the City of Belmont. Those parcels annexed to the City of Belmont would continue to receive water service from the BCWD.

*Alternative 4: Exclude HIA from All City Spheres.* By excluding the HIA from both city's SOI, water service would continue to rest with the BCWD and Cal Water and no service changes would be required for any of the parcels in the HIA. However, this Alternative would allow the BCWD to become a subsidiary district of the City of Belmont, similar to the current organizational structure of the Belmont Fire District.

**Findings.** Water service delivery to the HIA will most likely continue to be provided by both Cal Water and the Belmont County Water District under all four Alternatives. However, Alternative 2 is clearly superior to the other three alternatives in helping to implement the adopted sphere of influence designation for the Belmont County Water District and establishing the District as a subsidiary district of the City of Belmont.





FIGURE 13



## WATER SERVICE AREAS

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY





## Wastewater Collection

The Harbor Industrial Sewer Maintenance District, formed in 1951, provides wastewater collection service to the HIA. The District is responsible for the sewer line maintenance and sewage conveyance to the regional wastewater treatment plant. In addition, the District contracts with appropriate jurisdictions for pumping and sewage treatment. The District is staffed by the San Mateo Public Works Department and is funded through service fees and property tax assessments.

As noted in the San Carlos EIR, the wastewater collection system is comprised of a series of gravity flow sewer lines. Local branch lines, typically six inches in diameter, are primarily located in the street rights-of-way, with some lines located within easements obtained from property owners. These branch lines feed into a 27-inch trunk line within the Industrial Way right-of-way. The lines in the HIA and vicinity are shown in Figure 14.

The Industrial Way trunk line originally carried wastewater from the HIA and Belmont. However, Belmont's flows have been diverted northward to its pump station at Ralston. The HIA is still served by the Industrial Way Trunk line, which conveys wastewater southward to the San Carlos Pumping Station, located at Holly Street, where it is pumped eastward under Highway 101 to the South Bayside Systems Authority (SBSA) treatment plant in Redwood City. The District currently has an agreement with San Carlos for pumping services at the San Carlos Pumping Station.

The impacts of each Alternative on wastewater collection are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would allow San Carlos to assume responsibility for the wastewater collection system in the HIA through the annexation process. Following annexation, the City could dissolve the Harbor Industrial Sewer Maintenance District or make the District a city-dependent district.

*Alternative 2: Designate HIA as All in Belmont SOI.* This Alternative would allow Belmont to assume responsibility for the wastewater collection system in the HIA through the annexation process. Following annexation, the City could dissolve the Harbor Industrial Sewer Maintenance District or make the District a city-dependent district.

As noted above, the District currently has an agreement with San Carlos for service at the San Carlos pump station. Based on a data presented in the Belmont EIR, dissolution of the District, or making the District a subsidiary of the City, would probably require that Belmont establish a new agreement with San Carlos. At this time it is unclear whether San Carlos would be willing, or required to continue to transport sewage or allocate a portion of its capacity rights if the HIA were to be annexed to the City of Belmont.

Based on data contained in the Belmont EIR, it appears that it may be possible to modify the collection system to redirect wastewater flows northward to the Belmont pump station rather than to the south; however, it should be noted that the EIR evaluated this option based on the existing SOI designation and did not consider the entire HIA. Given that the current Belmont SOI encompasses approximately two-thirds of the HIA, an assumption can be made that this option could be applied to the entire HIA. As noted in the EIR, this would require the construction of a wet well at the southern boundary of the City to intercept flows, which would then be pumped to the Belmont station via a new sewer line constructed to connect to the City's existing collection system. In addition, the City would probably need to upgrade the capacity of the existing Belmont pump station.



*Alternative 3: Maintain Current SOI.* This Alternative would allow the cities to assume responsibility for those portions of the sewage collection system within their respective SOI areas. However Belmont would still need to resolve the issues surrounding the pumping capacity at the San Carlos Pump Station.

As noted in the discussion above, the City of Belmont may, if necessary, be able to redirect the flow from the south to the north by constructing a wet well at the southern city boundary and pumping the flow to the Belmont station via a line constructed to connect to the city's collection system. This would allow the respective cities to assume responsibility for the collection system within their boundaries and would alleviate the need for properties located in Belmont to contract with San Carlos wastewater pumping services.

*Alternative 4: Exclude HIA from All City Spheres.* By excluding the HIA from either city's SOI, wastewater collection service would continue to rest with the Harbor Industrial Sewage Maintenance District and the District would continue to contract with the City of San Carlos for capacity rights at the San Carlos pump station.

**Findings.** Under the first three Alternatives, wastewater collection will become the responsibility of one or both of the cities. However, given the physical design of the wastewater collection system, flows from the HIA are directed to the San Carlos pump station at the south end of the HIA, where they are pumped out to the South Bayside Systems Authority treatment plant in Redwood City. Although it has been noted that a line could be constructed to direct flows north to Belmont, discussions with South Bayside Systems Authority staff indicate that the capital costs, as well as the operating expense associated with pumping wastewater back toward Belmont, would likely render this option infeasible. Thus, Alternative 1 would best satisfy the wastewater collection service requirements of the HIA, and would enable the possible elimination or consolidation of the Harbor Industrial Sewer Maintenance District.



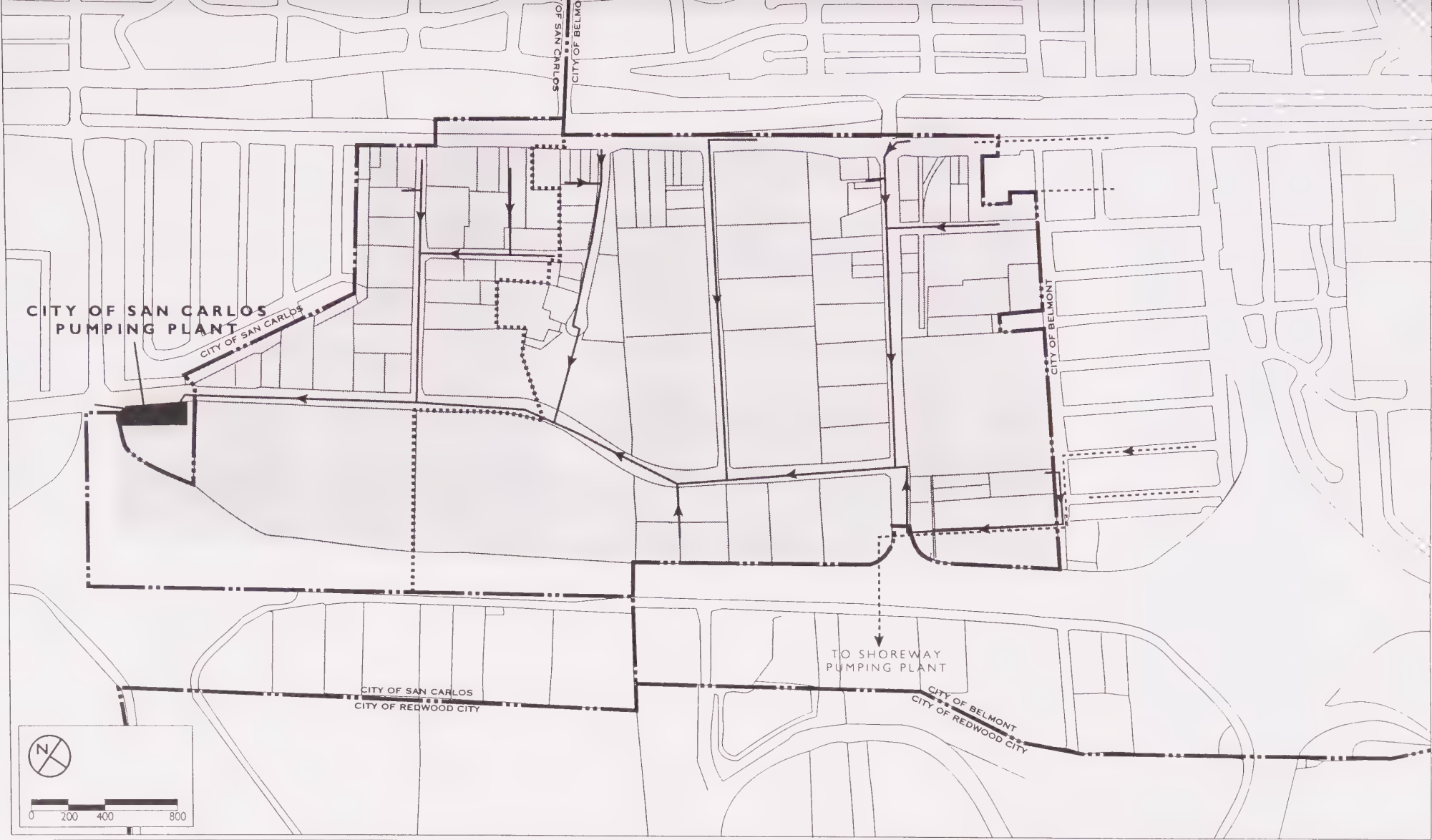


FIGURE 14

**SEWER SERVICE**

**HARBOR INDUSTRIAL AREA**  
SPHERE OF INFLUENCE STUDY





## Wastewater Treatment

Wastewater treatment is provided to the HIA by the South Bayside Systems Authority (SBSA) at its treatment plant located in Redwood City. Based on data from the San Carlos and Belmont EIRs, the treatment plant has a dry weather capacity flow of 24 million gallons per day (mgd) that is distributed between the four member agencies: San Carlos (3.7 mgd), Belmont (2.3 mgd), Redwood City (11.4 mgd), and the West Bay Sanitary District (which serves Atherton, Menlo Park, Portola Valley, Woodside, and portions of East Palo Alto; 6.6 mgd). Flows from the four member agencies enter one of four pump stations owned and operated by SBSA, and are discharged to a trunk line for conveyance to the treatment plant.

Use of the treatment facility is currently restricted to the four member agencies. Since neither the Harbor Industrial Maintenance District nor the County of San Mateo are member agencies, the Harbor Industrial Sewer Maintenance District contracts with the City of San Carlos to use .33 mgd of its treatment capacity. The EIRs prepared by the cities indicate that in 1991-92, the HIA produced an estimated .232 mgd, or about 70% of the District's allocation from San Carlos.

The impacts of each Alternative on wastewater treatment services are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would allow San Carlos to either dissolve the Harbor Industrial Sewage Maintenance District or establish it as city dependent district. Since the City currently has allocated a portion of its wastewater treatment capacity to the District, annexation of the HIA would not require a significant change from the current service arrangement.

*Alternative 2: Designate HIA as All in Belmont SOI.* This alternative would allow Belmont to either dissolve the Harbor Industrial Sewage Maintenance District or make it a city dependent district. Since the District currently contracts with San Carlos for treatment capacity rights, Belmont would need to re-negotiate the service agreement with San Carlos for capacity rights, or find another source of treatment capacity. As noted earlier, it is unclear at this time if San Carlos would be willing to continue to allocate a portion of its wastewater treatment capacity to properties annexed to Belmont.

As outlined in the section on wastewater collection, Belmont may be able to redirect flows to its pump station, and thereby eliminate the need for the San Carlos treatment allocation. Based on data contained in the Belmont EIR, Belmont may have capacity available to treat the wastewater generated by the HIA. Although this data is generally based on drought conditions (post-1987), the EIR anticipates that the excess capacity will continue into the future given the presence of other programs in the City designed to reduce wastewater flows, such as rehabilitation of older sewer lines to decrease inflow and infiltration.

*Alternative 3: Maintain Current SOI.* This Alternative would require the cities to assume responsibility for wastewater treatment for the wastewater generated in those portions of the HIA within their respective SOI areas. Upon annexation, Belmont would still need to resolve the issues surrounding the use of a portion of San Carlos' allocated capacity or develop alternative capacity arrangements.

*Alternative 4: Exclude HIA from All City Spheres.* By excluding the HIA from the SOI of Belmont and San Carlos, responsibility for wastewater treatment would continue to rest with the Harbor Industrial Sewage Maintenance District and the District would continue to contract with San Carlos for treatment capacity rights to accommodate the wastewater flows generated by the HIA.



**Findings.** Under all four SOI alternatives, wastewater treatment will continue to be provided by the SBSA. However, if all or a portion of the HIA were allocated to Belmont, that city would need to procure the necessary wastewater treatment capacity to service the HIA. This could be done by either negotiating an agreement similar to the current agreement with San Carlos for treatment capacity, by purchasing capacity rights from another SBSA member, or by demonstrating that the City has adequate treatment capacity to handle the wastewater flows originating from the HIA. Given the uncertainty surrounding any of these options, the wastewater treatment needs of the HIA would most efficiently be handled by Alternative 1; this would also enable possible dissolution or consolidation of the Harbor Sewer Maintenance District.

## **Storm Drainage**

The two primary surface drainage features within the HIA are the Belmont Creek, which traverses the area in an east/west direction, and a series of drainage ditches surrounding a parcel owned by PG&E on the north, south, and east sides, as shown in Figure 15. Maintenance of these facilities, along with several pipeline segments, is provided by the County-governed Harbor Industrial Drainage Maintenance District, which was created in 1986 to serve the HIA.

Belmont Creek enters the HIA from the City of Belmont at Old County Road between Harbor Boulevard and Quarry Road. From this point, the creek flows eastward, parallel to Harbor Blvd., and passes beneath Industrial Way and Highway 101, where it leaves the HIA and re-enters the City of Belmont. From there the creek empties into Belmont Slough, which drains to the San Francisco Bay. Currently, the District is responsible for maintenance of the creek between Old County Road to the west, and Highway 101 to the east. The culverts at Old County Road or Industrial Way are maintained by the County Department of Public Works.

In the past, Belmont Creek has been the source of periodic shallow flooding in the HIA. A spurline railroad trestle, which crosses Belmont Creek between Harbor Boulevard and Quarry Road, restricts the flow of the creek channel and causes flooding during high flow conditions. In addition, data provided by the City of Belmont indicates that the capacity of the upstream drainage system, approximately 1,200 cfs, cannot be accommodated by the current configuration of the Belmont Creek channel. As a result, significant capital improvements will be required to improve the flow capacity of Belmont Creek.

The drainage ditches surrounding the PG&E property are designed to convey flows underneath the Bayshore Freeway and Browning Ferris Industries facility via a 27-inch pipeline. These flows surface near Redwood Industrial Park and empty into a creek that drains to the San Francisco Bay.

The impacts of each Alternative on storm drainage service provision are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would allow the City to assume responsibility of the drainage system in the HIA through the annexation process. Following annexation, the City could elect to either dissolve the Harbor Industrial Drainage Maintenance District or make the District a city dependent district. Under this Alternative, a portion of the major drainage feature for part of the Belmont watershed, Belmont Creek, would be located in San Carlos. As a result, improvements to the upstream drainage system in Belmont could have significant impacts on San Carlos via increased flows in the Belmont Creek channel as it passes through the HIA.



*Alternative 2: Designate HIA as All in Belmont SOI.* This would allow the City to assume responsibility for the entire drainage system through the annexation process. Following annexation, the City could elect to either dissolve the Harbor Industrial Drainage Maintenance District or make the District a city dependent district. Belmont would gain control of the portion of Belmont Creek that passes through the HIA, a significant feature of its storm drainage system. As a result the City may be better able to comprehensively address storm drainage issues in the City, including the HIA, as a single jurisdiction.

*Alternative 3: Maintain Current SOI.* Maintaining the current SOI designations and subsequent annexations of the parcels by the respective cities might allow for the eventual dissolution of the Harbor Industrial Drainage Maintenance District, with each city being responsible for storm drainage in their respective areas. Under this Alternative, the major drainage features (i.e., Belmont Creek and the ditches around the PG&E property) would be incorporated into Belmont. As a result, the City of Belmont would be responsible for improvements to the facilities that reduce the incidence and potential for flooding in the HIA.

*Alternative 4: Exclude HIA from All City Spheres.* By excluding the SOI from the cities of Belmont and San Carlos, responsibility for storm drainage service would continue to rest with the Harbor Industrial Drainage Maintenance District.

**Findings.** Given the fact that Belmont Creek provides drainage for a large portion of the Belmont watershed, and that upstream improvements to the drainage system in Belmont can significantly impact the flows in Belmont Creek as it passes through the HIA, jurisdiction by the City of Belmont over these physical features appears to be preferable to other arrangements. This would allow the City to comprehensively plan and implement storm drainage improvements, in effect, creating better storm drainage service to the HIA. Thus, Alternatives 2 and 3 would equally satisfy these goals since they place all the significant storm drainage features in the HIA within Belmont, and provide for eventual elimination or consolidation of the Harbor Industrial Drainage Maintenance District.







FIGURE 15

## DRAINAGE

HARBOR INDUSTRIAL AREA  
SPHERE OF INFLUENCE STUDY



## Street Lighting

Street lighting service is currently provided to the northern two-thirds of the Harbor Industrial Area by the Belmont Highway Lighting District, a County governed maintenance district. The District owns the light fixtures, and contracts with a private vendor for maintenance of the lighting system. Street lighting in the remaining portion of the HIA is provided by individual property owners.

The impacts of each Alternative on street lighting services are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would allow San Carlos to either dissolve the District or make the District a city dependent district. The City would assume maintenance and operation responsibilities for the lighting system.

*Alternative 2: Designate HIA as All in Belmont SOI.* This Alternative would allow Belmont to either dissolve the District or make the District a city dependent district. The City would assume maintenance and operation responsibilities for the lighting system.

*Alternative 3: Maintain Current SOI.* Allocation of the HIA along the current SOI boundary and subsequent annexations by the respective cities would divide the Belmont Lighting District between the cities of Belmont and San Carlos. Since under this Alternative, the District would be wholly contained within the boundaries of the two cities, the District could be dissolved with each city assuming service responsibility for the newly annexed areas.

*Alternative 4: Exclude HIA from All City Spheres.* Under this alternative, the Belmont Lighting District would continue to provide service to the Harbor Industrial Area, which conflicts with stated LAFCo policies directed toward consolidating special districts.

**Findings.** Under the first three Alternatives, one or both of the cities would assume the maintenance and operation responsibility for the street lighting system, and the Belmont Highway Lighting District would probably be dissolved or become a city dependent district. As a result, the three Alternatives are considered equivalent. Alternative 4 would require the continued existence of the Belmont Highway Lighting District, which does not further the goal of special district consolidation, and as such, is the least desirable Alternative.

## Road and Signal Maintenance

The San Mateo County Public Works Department currently provides road maintenance for the HIA, and maintains signals located at Harbor Blvd./Old County Road and at Harbor Blvd./Industrial Way. Twenty-five percent of the maintenance costs for the Harbor Blvd./Old County Road signal are paid by the City of Belmont to the County.

The impacts of each Alternative on road and signal maintenance are as follows:

*Alternative 1: Designate HIA as All in San Carlos SOI.* This Alternative would shift the responsibility for road signal maintenance to the City of San Carlos Public Works Department, which also would assume the full cost of signal maintenance for the signal located at Harbor/Industrial Way. For the signal at Harbor/Old County Road, the cost would be split between San Carlos (75%) and Belmont (25%).



*Alternative 2: Designate HIA as All in Belmont SOI.* This Alternative would shift the responsibility for road and signal maintenance to the City of Belmont Public Works Department. The City would assume the full cost of signal maintenance for the signals located at Harbor/Industrial Way and at Harbor/Old County Road.

*Alternative 3: Maintain Current SOI.* Allocation of the HIA along the current SOI boundary, and subsequent annexations by the respective cities would result in a shift of responsibility for road and signal maintenance from the County to the cities of Belmont and San Carlos. Under this Alternative, the signals located at Harbor/Industrial Way and at Harbor/Old County Road would be within the Belmont city boundaries. Presumably this would result in Belmont being responsible for the signal maintenance cost associated with these two intersections. Each city would be responsible for maintaining the roads in their respective annexed areas.

*Alternative 4: Exclude HIA from All City Spheres.* In this Alternative, road and signal maintenance would continue to be provided by the San Mateo County Public Works Department. The City of Belmont would continue to contribute one-fourth of the costs associated with signal maintenance at Harbor Blvd./Old County Road.

**Findings.** Alternatives 2 & 3 are considered to be equivalent for the purposes of this analysis since they would allow the City of Belmont to assume full responsibility for the signal maintenance at Harbor/Old County Road, eliminating the cost sharing agreements associated with Alternatives 1 & 4.

## **Solid Waste**

Both the San Carlos and Belmont EIRs note that solid waste collection and recycling services are provided to the HIA via a contract by the County with Browning Ferris Industries (BFI). This company also contracts with the cities of Belmont and San Carlos for solid waste collection.

**Findings.** Since both cities contract with the same firm that is presently providing HIA with solid waste collection services, provision of the service should not be affected by a change in jurisdiction. Thus, all Alternatives are considered equivalent.

## **General Governmental Services**

General government services, such as administrative services, parks and recreation, and planning and building services, are currently provided to the HIA by San Mateo County. Upon annexation of any part of the HIA, the annexing city would assume responsibility for the provision of these services for the respective area. If the HIA were excluded from either city's SOI, the provision of general government services would continue to rest with San Mateo County.

**Findings.** Since the provision of general governmental services will not result in the consolidation or elimination of any of the special single-purpose districts, all four Alternatives are considered equivalent for this set of services.





## X. FISCAL IMPACTS ASSESSMENT

**Assessment Criteria.** San Mateo LAFCo's policies and criteria for the determination of spheres of influence notes that "before assignment of an unincorporated urbanized area to a city is made, the city should be able to demonstrate that they have the financial capabilities to adequately provide the necessary urban services (i.e., police, fire, water, sanitary, recreation, storm drainage, etc.); or that the required services are already being provided by private companies or larger multipurpose special districts"<sup>47</sup> and that "consideration should be given to alternate courses of action for providing governmental services, and to their fiscal and economic consequences"<sup>48</sup> In addition, LAFCo policy states that "it is the intent of LAFCo to support the viability of local governmental agencies providing essential services."<sup>49</sup>

These policies and criteria imply that LAFCo is concerned with the general economic health of the communities within its jurisdiction. Based on these criteria, the following assessment criteria are used in the fiscal impact analysis:

- SOI boundaries should consider the ability of the annexing agency to provide for the ongoing expenses associated with operating and maintaining municipal services, and the expenses associated with providing needed capital improvements to the unincorporated area.
- SOI boundaries should be drawn to minimize the fiscal impact on other affected agencies.

In February 1992, as part of LAFCo's periodic review of spheres of influence, a study was prepared by LAFCo staff to assess the fiscal impacts that may result from annexation of the existing spheres to each of the two cities. The purpose of the study was to estimate the additional cost to each city to provide municipal services to their respective sphere areas, and to project the net revenues that may accrue to the cities upon annexation.

The purpose of this section is to update the original fiscal impact analysis, as well as provide additional fiscal data as needed. While the fiscal impact analysis conducted in 1992 focused solely on the net fiscal impact that may result from properties being annexed along the SOI boundary established in 1973, this analysis will also consider the fiscal impacts that may result from the entire HIA being annexed by each of the two cities, as well as the exclusion of the HIA from the two city's spheres.

It is important to note that fiscal impact analyses are designed to estimate the future revenues and expenditures for a given area based on current fiscal and political conditions, which are subject to constant change. To the extent that future conditions mirror today's political and economic climate, the analysis presents a reasonable estimate of the revenues and expenditures the cities may expect. The analysis presents a "snapshot" in time assuming all properties in the HIA were annexed to the respective cities at the same time. It does attempt to project long term fiscal impacts to the cities.

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<sup>47</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996, IV.2.

<sup>48</sup> *Ibid.* IV.8.

<sup>49</sup> *Ibid.* III.1.



## Revenues

This analysis focuses on General Fund revenue sources which have the potential to change as a result of the annexation of the HIA. Specifically, the analysis focuses on the impact of a possible annexation on three significant revenue sources: property taxes, sales taxes, and business license fees. The projections for property tax and sales tax revenues are largely based on assumptions derived from the tax sharing agreement negotiated between the County and Belmont during that city's 1993 attempt to annex the area already within its sphere. Projected business license fees are based on information supplied by the cities, and data generated as part of this Study. Significant revenue sources for both cities, such as intergovernmental revenues and service charges have not been included as part of this analysis since changes in those revenue sources are largely driven by changes in resident population, and as a result, are not expected to be significantly impacted by the annexation of the HIA.

**Property Taxes.** Property taxes are a major source of General Fund revenues for both Belmont and San Carlos. The County allocates property tax revenues for general operating purposes to the cities based on the assessed valuation of property located in each city, and the city's share of basic property taxes paid on parcels located within specific tax rate areas. The actual amount of property tax each city may receive as a result of an annexation is based on a negotiated property tax exchange agreement developed prior to annexation.

Generally, the County Assessor's office determines assessed valuation each year based on the sale price of real estate that has been purchased, or the statutorily permitted increase in existing assessments for properties that have not changed ownership. The limits of Proposition 13 restrict assessment increases for properties that have not been sold to the smaller of 2.0 percent or the rate of inflation; however, even if a property remains in the same ownership, the assessment may increase above the stated rates if improvements have been made to the property (e.g., a structure built on formerly vacant land). If the value of a property declines below its assessed value, the property owner may request to have assessments reduced to reflect the new value.

Based on the provisions of Proposition 13, the County may not collect property taxes in excess of one percent of assessed value without voter authorization. This basic one percent is allocated among the tax receiving entities that provide services to property located in the HIA. These include local school districts, San Mateo County, and a host of other local and regional agencies. Any additional taxes above the one percent basic tax rate are allocated for the specific purposes for which they were authorized, and are not available for general operating funds. In order to determine the taxes that may accrue to each city as a result of the annexation of the HIA, some assumptions need to be made about the division of this basic one percent tax.

When unincorporated property located within a city's SOI is annexed to that city, existing law requires that local agencies affected by the proposed jurisdictional change negotiate a property tax exchange. The terms of the tax exchange agreement determine the revenues that may accrue to the various tax receiving entities. In 1993, the City of Belmont, as part of the annexation proceedings for the portion of the HIA within their sphere, negotiated a tax exchange agreement with the County. Under the terms of that agreement, the County would continue to receive its current portion of property tax revenues in perpetuity. In addition, that amount would be increased by 2% annually, as allowed under Article XII of the State Constitution. Any additional revenues generated in excess of the 2% statutorily permitted increase would be allocated to the City of Belmont based on the City's average share of property taxes collected within its boundaries (approximately 9.95% at that time).





For the purpose of assessing the property tax implications of the four SOI alternatives under consideration, the negotiated agreement between the County and the City of Belmont is used as a general framework. It is important to note however, that since the annexation did not occur, any subsequent annexation proposal of the HIA by either San Carlos and/or Belmont would be subject to new tax exchange negotiations and agreement.

As Table 2 shows, the total assessed value for property (both secured and unsecured) in the HIA is approximately \$144,574,000, generating basic one- percent property tax revenues of approximately \$1,445,740. These revenues are split between the various regional and local tax receiving entities, including the ones shown on Table 2. Establishing a new SOI boundary (or reaffirming the existing one) and allowing the city(s) to annex those properties located within their SOI would result in different distribution of the basic one-percent tax. It should be noted that this redistribution of the basic one-percent revenue between tax receiving agencies is a “zero-sum game.” While some agencies will be receiving “new” tax revenues, it will be at the expense of other agencies.

*Alternative 1: Designate HIA as All in San Carlos SOI.* Under this alternative, property tax revenues currently being allocated to the Belmont Fire Protection District (BFPD) and Belmont Special Fire Zone would be available for reallocation to other tax receiving entities since those properties would be detached from the district upon annexation to San Carlos, as noted in the public services section. As Table 2 shows, BFPD and Fire Zone property tax revenues currently total about \$204,000 per year. Presumably, San Carlos could negotiate for all, or some portion of these revenues as part of the tax exchange agreement with County at the time of annexation.

While it may be optimistic to assume that the County would allocate all the District and Fire Zone revenue from the HIA to San Carlos, an argument can be made that since these revenues currently provide for fire protection in the HIA, that the funds ought to continue to contribute to fire protection in the area, whether it be through the San Carlos General Fund or the Belmont Fire Protection District. However, it should be noted that by directing these revenues from the Fire Protection District to the San Carlos General Fund, they become subject to a Education Revenue Augmentation Fund (ERAF) revenue transfer to the State. ERAF was created to offset State budget shortfalls in the early 1990’s and is funded through the transfer of local property taxes from various tax receiving entities. While the Belmont Fire Protection District is exempt from the ERAF transfer, the City of San Carlos currently transfers approximately 21% of the property tax revenues it receives to ERAF.

In addition to receiving the revenues from the Fire Protection District and Special Fire Zone, the City could also negotiate to direct the property tax revenue from the Belmont Lighting District and the Harbor Industrial Sewer Maintenance District to the City’s General Fund, if the City elected to dissolve those districts upon annexation of the HIA. While the City has indicated it would assume responsibility for the maintenance and operation of these districts, as noted in the public services section, from a fiscal perspective there may be reasons to keep the districts in place (such as assessments for capital improvements). As a result, the property tax revenue from these districts would accrue to the City of San Carlos but the use of these funds would be restricted to specific uses in the HIA.

Based on the information presented above, Alternative 1 would result in a net transfer of property taxes to the San Carlos General Fund of approximately \$177,500. While these funds represent “new” tax dollars to the City of San Carlos, a portion of these revenues also represent a revenue “loss” to the City of Belmont via the Fire Protection District.





*Alternative 2: Designate HIA as All in Belmont SOI.* Under this alternative, the property tax structure currently in place in the HIA would remain largely unchanged. Property tax revenues would continue to accrue to the City of Belmont via the Belmont Fire Protection District and the Belmont Special Fire Zones. In addition, based on the provisions of the 1993 tax exchange agreement, the City would receive some small portion of the property tax increases above the statutorily permitted increase of 2% per year. Also, the City could negotiate to receive the revenues currently allocated to the Belmont Lighting District and the Harbor Industrial Sewer Maintenance District if the City dissolved those district upon annexation of the HIA. However, as noted earlier, from a fiscal perspective there may be incentives to keep those districts in place (such as assessments for capital improvement projects), and although the revenues would accrue to Belmont, the use of these funds would be restricted to specific uses in the HIA.

Based on the information presented above, this alternative would result in a net transfer of property tax revenues to the City of Belmont of approximately \$16,100.

*Alternative 3: Maintain Current SOI.* This alternative has property tax implications similar to those found under Alternative 1; however, the impact is not as severe. Under this alternative, properties located in the San Carlos SOI would be detached from the Belmont Fire Protection District and related revenues from that District and the Special Fire Zones would be directed to the San Carlos General Fund and subject to the ERAF allocation. Once again an assumption is made that the allocation to the City would approximate the revenues currently collected by the District, since the revenue would still contribute to fire protection of the area despite the change in funding sources.

In addition, the revenues associated with the Belmont Lighting District and the Harbor Industrial Sewer District could be reallocated to the Belmont and San Carlos General Funds. As noted earlier in the public services section, these districts are currently maintained by the County and it seems unlikely that the cities would continue to keep the districts in place. Rather, the districts would probably be dissolved upon annexation of the HIA and the revenues allocated to the cities based on the properties located within their spheres.

Based on the information presented above, this alternative would result in net property tax transfer for San Carlos of approximately \$53,400, and net property tax transfer to the City of Belmont of approximately \$19,200.

*Alternative 4: Exclude HIA from All City Spheres.* Under this alternative, the current allocation of property tax revenues would remain in place.

**Sales and Use Tax.** The cities of Belmont and San Carlos receive sales and use tax revenues from the State of California each year, depending upon the amount of taxable sales reported within the cities. The State Department of Equalization distributes local sales tax revenues to all cities within San Mateo County equal to 0.95 percent of total taxable sales. As the volume of taxable sales within the cities rises, the State will distribute the increased sales tax revenues to each of the respective cities.

In a recent letter to the San Mateo LAFCo, the State Board of Equalization estimated the sales tax amount in the Harbor Industrial Area to be about \$527,000 for the twelve months ending December 31, 1995. Of this amount, approximately \$336,000 was generated by businesses in the current Belmont SOI and approximately \$191,000 was generated by businesses located in the San Carlos SOI.

Based on the tax agreement negotiated between the County and Belmont in August 1993, an assumption can be made that the County will seek to retain some of the sales tax revenues generated in the HIA. The



terms of that agreement stipulated that the County would receive 15% of the sales tax dollars generated in the HIA, with the balance being allocated to the City. Using the data presented above, this would result in the County receiving approximately \$79,000, leaving a balance of approximately \$448,000 for allocation to the cities.

*Alternative 1: Designate HIA as All in San Carlos SOI.* As Table 3 shows, under this alternative San Carlos could expect to receive all the sales tax revenue generated in the HIA less a 15% allocation to the County. This would result in San Carlos receiving approximately \$448,000 in sales tax revenues.

*Alternative 2: Designate HIA as All in Belmont SOI.* As Table 3 shows, under this alternative Belmont could expect to receive all the sales tax revenue generated in the HIA less a 15% allocation to the County. This would result in Belmont receiving approximately \$448,000 in sales tax revenues.

*Alternative 3: Maintain Current SOI.* Under this alternative, sales tax revenues in the HIA would be split between the cities of Belmont and San Carlos, less the County share of 15%, based on the businesses located in their respective spheres. As shown in Table 3, this alternative would provide San Carlos with approximately \$162,400 in sales tax revenues, and Belmont with approximately \$285,600 in sales tax revenues.

*Alternative 4: Exclude HIA from All City Spheres.* This alternative allows the county to continue to receive all the sales tax revenues generated in the HIA, approximately \$527,000.

**Business License Tax.** Both Belmont and San Carlos charge businesses located within their boundaries a business license fee. For fiscal year '95-96, the City of Belmont charged a flat fee of \$176.00 plus \$17.59 per employee for businesses similar to those found in the HIA. The City of San Carlos charges businesses a base fee of \$45 plus a per employee fee that ranges from \$11 to \$23 based on the type of business, with a minimum fee of \$85 and a maximum fee of \$1,085. (Fee schedules for both cities can be found in Appendix A).

Although exact employment figures for the businesses located in the HIA are unavailable, an employment estimate can be made based on the 2.39 million square feet of developed space. If an assumption is made that industrial uses typically have a ratio of 700 square feet of developed space per employee, this figure can be divided into the developed square footage to derive an employment estimate of about 3,400. This translates into an average of 8.7 employees per business (3,400 employees divided by 390 businesses) which is consistent with the data presented as part of the survey analysis in the Communities of Interest section of this Study.

*Alternative 1: Designate HIA as All in San Carlos SOI.* As Table 4 shows, under this alternative San Carlos could expect to realize annual business license revenues of approximately \$54,950.

*Alternative 2: Designate HIA as All in Belmont SOI.* As Table 4 shows, under this alternative Belmont could receive annual business license revenues of approximately \$137,200.

*Alternative 3: Maintain Current SOI.* Under this alternative, each City would realize business license revenues based on the number of business located within the respective spheres. This alternative would provide San Carlos with approximately \$24,600 in business license revenues, and Belmont would receive an estimated \$71,400 in business license revenues.



*Alternative 4: Exclude HIA from All City Spheres.* Under this alternative, the HIA would remain unincorporated and would not produce business license fees for either city.

## **Operating Expenses**

As noted earlier in this report, the HIA is a developed urban area comprised of commercial and industrial uses, with a full range of municipal services already in place. As a result, either city could assume control of all, or a portion of the HIA and continue to provide most municipal services with little or no increase in staff size. The notable exceptions to this are the provision of police protective services and public works services. Both of these departments, in both cities, feel that to adequately service the HIA some additional operating expense would be incurred. The expenditure cost estimates presented below are largely based on data generated by the respective cities during their efforts to negotiate a resolution of the SOI dispute.

**Police.** As noted earlier in the public services section of this report, a joint memo was prepared by the Police Chief of each city that outlines the expected operating expenditures each city would incur to provide police protective services to the HIA (a copy of the memo can be found in Appendix B). In short, the memo outlined the need for one additional officer to provide patrol services to the HIA on a limited time basis. The additional officer would augment an existing beat that includes the HIA and would be assigned to that beat during the peak hours of activity in the HIA (expected to be between the hours of 8am to 5pm, Monday through Friday). This additional officer would provide additional capacity to respond to calls for service, as well as provide preventative patrol and traffic monitoring activities within the HIA. Any calls for service that occur before or after this additional officer is on duty would be handled with existing department resources.

The estimated annual cost of adding the additional officer at the time the memo was prepared (October 1994) was approximately \$78,550 for salary, training, and personal safety equipment. Adjusting that figure for inflation (approximately 3% annually) results in cost of \$83,000 in 1996 dollars. It should be noted that subsequent to the preparation of this joint memo, a new Police Chief has been appointed in Belmont. In discussing the police protection for the HIA with the new Chief, he indicated that the City has reconfigured the existing beat system and may be able to service the HIA with no additional staffing (Goulart, 1996). However for the purpose of this analysis, the cost of an additional officer has been included in the fiscal calculations.

*Alternative 1: Designate HIA as All in San Carlos SOI.* As Table 5 shows, the cost to San Carlos to provide police service to the HIA is approximately \$83,000 per year.

*Alternative 2: Designate HIA as All in Belmont SOI.* As Table 5 shows, the cost to Belmont to provide police service to the HIA is approximately \$83,000 per year.

*Alternative 3: Maintain Current SOI.* Under this alternative, police protection for portions of HIA would become the responsibility of Belmont and San Carlos. Although the additional area requiring protective services under this alternative would be smaller than if the entire HIA were annexed into the cities, it is unclear at this time if the police department for each city would be able to service the area without the need for additional staff. Therefore, as a conservative estimate, the analysis includes the cost of an additional officer, and splits the cost of the officer between the jurisdictions on an equal basis, as shown in Table 5.





*Alternative 4: Exclude HIA from All City Spheres.* Under this alternative, police services to the HIA would continue to be supplied by the San Mateo County Sheriffs Department and the cities would not incur any additional operating expense for police protection.

**Public Works.** As part of the effort to resolve the SOI/annexation dispute in the HIA, the Public Works Directors for both Belmont and San Carlos issued a joint memo outlining the preliminary infrastructure costs required to correct existing deficiencies in the HIA, and the costs associated with the annual maintenance of the facilities located in the HIA (see Appendix B for a copy of the memo). That memo estimated the additional cost to each city for the provision of various public works services, including pavement maintenance, street sign maintenance, street sweeping, street lighting, sanitary sewer, and storm drainage, to be approximately \$245,000 per year. Adjusting that figure for inflation (approximately 3% annually) results in a cost of \$260,000 in 1996 dollars. It should be noted that subsequent to the preparation of these cost estimates, the City of Belmont appointed a new Public Works Director who has indicated that these cost estimates may not accurately reflect the cost to Belmont for provision of public services. However, for the purpose of this analysis, the cost estimates from the joint memo will be used.

*Alternative 1: Designate HIA as All in San Carlos SOI.* As Table 5 shows, the cost to San Carlos to provide public works services to the HIA is approximately \$260,000 per year.

*Alternative 2: Designate HIA as All in Belmont SOI.* As Table 5 shows, the cost to Belmont to provide public works services to the HIA is approximately \$260,000 per year.

*Alternative 3: Maintain Current SOI.* Under this alternative, each city would be responsible for some portion of the total cost to provide public works services. Based on the fact that approximately two-thirds of the HIA land area would be annexed to Belmont, the fiscal analysis attributes approximately two-thirds of the public works cost to that City, with the remaining one-third being attributed to San Carlos.

*Alternative 4: Exclude HIA from All City Spheres.* Under this alternative, public works services to the HIA would continue to be supplied by the San Mateo County Public Works Department and the cities would not incur any additional operating expense for public works services.

### **Projected Net Fiscal Balance**

Table 5 summarizes the projected increases in General Fund costs and revenues for the four SOI alternatives.

*Alternative 1: Designate HIA as All in San Carlos SOI.* Under this alternative, the analysis projects a net fiscal surplus to San Carlos of approximately \$352,000 per year, and a net fiscal deficit to Belmont of approximately \$204,000.

*Alternative 2: Designate HIA as All in Belmont SOI.* Under this alternative, the analysis projects a net fiscal surplus to Belmont of approximately \$274,000, and no fiscal impact to San Carlos.

*Alternative 3: Maintain Current SOI.* Under this alternative, the analysis indicates that Belmont could have a fiscal surplus of approximately \$106,000, and projects that San Carlos may have a fiscal surplus of \$117,000.



*Alternative 4: Exclude HIA from All City Spheres.* This alternative is not expected to have a fiscal impact on either city.

## **Findings**

Based on the assessment criteria developed at the beginning of this section, the analysis indicates that both cities can provide for the ongoing operating expenses associated with the annexation of all or a part of the HIA. Alternative 4, excluding the HIA from either city's SOI, would minimize the fiscal impact to all affected agencies, including both cities and County, and thus be the most desirable of the Alternatives from a fiscal impact perspective. Alternative 1, allocating the entire HIA to San Carlos, would be the least desirable option since it would create a significant net fiscal deficit to Belmont as well as reduce revenues to the County. Alternatives 2 & 3 are considered equivalent since neither one creates a net fiscal deficit to the cities, however both create revenue loss to the County from sales tax revenue reductions.



**Table 2: Distribution of Property Tax Revenues from the Harbor Industrial Area**

Tax Rate Areas	Total Assessed		General County	County Fire Protection	Belmont Fire District	Belmont Spec. Fire Zone	Belmont Co. Water District	Harbor Industrial	
	Value	Basic Tax Rate						Belmont Light	Sewer
53-004	694,991	6,950	1,706	-	1,195	93	-	-	67
53-009	3,096,071	30,961	7,541	-	5,283	411	-	242	295
53-011	81,214,263	812,143	196,680	-	137,799	10,707	4,630	6,301	7,700
53-013	8,294,400	82,944	20,244	-	14,183	1,102	477	-	793
53-016	2,342,209	23,422	5,672	-	3,974	309	134	182	222
53-017	3,404,796	34,048	8,310	-	5,822	452	196	-	325
76-004	1,953,608	19,536	5,538	1,501	-	-	130	-	217
76-007	16,943,602	169,436	48,027	13,017	-	-	1,131	-	1,880
PG&E (1)	12,143,730	121,437	28,383	728	615	14	21	3	6
<b>Total Secured Roll</b>	<b>130,087,670</b>	<b>1,300,877</b>	<b>322,102</b>	<b>15,246</b>	<b>168,873</b>	<b>13,087</b>	<b>6,718</b>	<b>6,728</b>	<b>11,505</b>
<b>Unsecured Roll</b>	<b>14,486,000</b>	<b>144,860</b>	<b>36,075</b>	<b>1,783</b>	<b>20,666</b>	<b>1,606</b>	<b>823</b>	<b>826</b>	<b>1,412</b>
<b>Total</b>	<b>144,573,670</b>	<b>1,445,737</b>	<b>358,176</b>	<b>17,029</b>	<b>189,538</b>	<b>14,693</b>	<b>7,540</b>	<b>7,554</b>	<b>12,918</b>
Average Allocation Facto (2)			24.9%	1.2%	14.3%	1.1%	0.6%	0.6%	1.0%

**Distribution of Property Tax Revenues from the Harbor Industrial Area - San Carlos Sphere of Influence**

Tax Rate Areas	Total Assessed		General County	County Fire Protection	Belmont Fire District	Belmont Spec. Fire Zone	Belmont Co. Water District	Harbor Industrial	
	Value	Basic Tax Rate						Belmont Light	Sewer
53-004	694,991	6,950	1,706	-	1,195	93	-	-	67
53-009	487,913	4,879	1,188	-	833	65	-	38	47
53-011	4,908,228	49,082	11,886	-	8,328	647	280	381	465
53-013	3,065,924	30,659	7,483	-	5,243	407	176	-	293
53-016	2,342,209	23,422	5,672	-	3,974	309	134	182	222
53-017	3,404,796	34,048	8,310	-	5,822	452	196	-	325
76-004	1,953,608	19,536	5,538	1,501	-	-	130	-	217
76-007	16,943,602	169,436	43,586	-	30,597	-	-	-	-
<b>Total Secured Roll</b>	<b>33,801,271</b>	<b>338,013</b>	<b>85,370</b>	<b>1,501</b>	<b>55,992</b>	<b>1,973</b>	<b>915</b>	<b>601</b>	<b>1,636</b>
<b>Unsecured</b>	<b>4,151,508</b>	<b>41,515</b>	<b>10,485</b>	<b>184</b>	<b>6,877</b>	<b>242</b>	<b>112</b>	<b>74</b>	<b>201</b>
<b>Total</b>	<b>37,952,779</b>	<b>379,528</b>	<b>95,855</b>	<b>1,685</b>	<b>62,869</b>	<b>2,215</b>	<b>1,028</b>	<b>674</b>	<b>1,837</b>
Average Allocation Facto (2)			25.3%	0.4%	16.6%	0.6%	0.3%	0.2%	0.5%

**Distribution of Property Tax Revenues from the Harbor Industrial Area - Belmont Sphere of Influence**

Tax Rate Areas	Total Assessed		General County	County Fire Protection	Belmont Fire District	Belmont Spec. Fire Zone	Belmont Co. Water District	Harbor Industrial	
	Value	Basic Tax Rate						Belmont Light	Sewer
53-004	-	-	-	-	-	-	-	-	-
53-009	2,608,158	26,082	6,353	-	4,451	346	-	204	249
53-011	76,306,035	763,060	184,794	-	129,471	10,060	4,350	5,921	7,235
53-013	5,228,476	52,285	12,761	-	8,941	695	300	-	500
53-016	-	-	-	-	-	-	-	-	-
53-017	-	-	-	-	-	-	-	-	-
76-004	-	-	-	-	-	-	-	-	-
76-007	-	-	-	-	-	-	-	-	-
PG&E (1)	12,143,730	121,437	28,383	728	615	14	21	3	6
<b>Total Secured Roll</b>	<b>96,286,399</b>	<b>962,864</b>	<b>232,291</b>	<b>728</b>	<b>143,478</b>	<b>11,114</b>	<b>4,672</b>	<b>6,128</b>	<b>7,989</b>
<b>Unsecured</b>	<b>10,334,492</b>	<b>103,345</b>	<b>25,044</b>	<b>-</b>	<b>17,547</b>	<b>1,363</b>	<b>571</b>	<b>752</b>	<b>980</b>
<b>Total</b>	<b>106,620,891</b>	<b>1,066,209</b>	<b>257,335</b>	<b>728</b>	<b>161,024</b>	<b>12,477</b>	<b>5,243</b>	<b>6,880</b>	<b>8,970</b>
Average Allocation Facto (2)			24.2%	0.0%	17.0%	1.3%	0.6%	0.7%	0.9%

(1) PG&E assessment does not include improvements.

(2) Average allocation factors are based on the revenues collected for each of the TRA's, excluding the PG&E property.

(3) The unsecured roll has been allocated to the spheres based on the ratio of secured property of the sphere to the total secured property for the HIA (excluding the PG&E property).

Source: TRW Redidata; State Board of Equalization; San Mateo County Auditor-Controllers Office; Bay Area Economics, 1996.





Table 3: Summary of Sales and Use Tax Revenues

Estimated Sales Tax Revenue Generated by HIA	\$527,000
Estimated Sales Tax Revenue from Belmont SOI	\$336,000
Estimated Sales Tax Revenue from San Carlos SOI	\$191,000
County Share of Sales Tax	15.0%

<u>Estimated Revenues</u>	<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Alternative 3</u>	<u>Alternative 4</u>
Belmont	\$0	\$447,950	\$285,600	\$0
San Carlos	\$447,950	\$0	\$162,350	\$0
San Mateo County	\$79,050	\$79,050	\$79,050	\$527,000

Source: State Board of Equalization; San Mateo County; Bay Area Economics, 1996.



**Table 4: Summary of Potential Business License Revenues**

Estimated Number of Employees in the HIA	3400
Estimated Number of Businesses in the HIA	390
Average Number of Employees per Business	8.7
Estimated Number of Business in the Belmont SOI	215
Estimated Number of Business in the San Carlos SOI	175

**Belmont Business License Terms**

Base Rate per Business	\$179.00
Rate per Employee	\$17.59

**San Carlos Business License Terms**

Base Rate per Business	\$45.00
Rate per Employee (min.)	\$11.00

<u>Estimated Revenues</u>	<u>Alternative 1</u>	<u>Alternative 2</u>	<u>Alternative 3</u>	<u>Alternative 4</u>
Belmont	\$0	\$129,616	\$71,455	\$0
San Carlos	\$54,950	\$0	\$24,657	\$0

*Source: City of Belmont; City of San Carlos; Bay Area Economics, 1996.*



Table 5: Summary of Net Fiscal Impacts

Belmont	Alternative 1	Alternative 2	Alternative 3	Alternative 4
<b>Revenues</b>				
Property Taxes	\$0	\$15,095	\$12,123	\$0
Sales Taxes	\$0	\$447,950	\$285,600	\$0
Business License	\$0	\$129,616	\$71,455	\$0
<b>Sub-Total Revenues</b>	\$0	\$592,661	\$369,178	\$0
ERAF Allocation (1)	\$0	\$3,170	\$2,546	\$0
(Property Tax Loss) (2)	(\$206,567)	\$0	(\$64,554)	\$0
<b>Total Revenues</b>	(\$206,567)	\$595,831	\$307,170	\$0
<b>Expenses</b>				
Police	\$0	\$83,000	\$41,500	\$0
Public Works	\$0	\$245,000	\$163,330	\$0
<b>Total Expenses</b>	\$0	\$328,000	\$204,830	\$0
<b>Net Fiscal Impact</b>	(\$206,567)	\$267,831	\$102,340	\$0

San Carlos	Alternative 1	Alternative 2	Alternative 3	Alternative 4
<b>Revenues</b>				
Property Taxes	\$221,662	\$0	\$66,256	\$0
Sales Taxes	\$447,950	\$0	\$162,350	\$0
Business License	\$54,950	\$0	\$24,657	\$0
<b>Sub-Total Revenues</b>	\$724,562	\$0	\$253,263	\$0
ERAF Allocation (1)	(\$46,549)	\$0	(\$13,914)	\$0
(Property Tax Loss)	\$0	\$0	\$0	\$0
<b>Total Revenues</b>	\$678,013	\$0	\$239,349	\$0
<b>Expenses</b>				
Police	\$83,000	\$0	\$41,500	\$0
Public Works	\$245,000	\$0	\$81,670	\$0
<b>Total Expenses</b>	\$328,000	\$0	\$123,170	\$0
<b>Net Fiscal Impact</b>	\$350,013	\$0	\$116,179	\$0

(1) ERAF Allocation for Belmont and San Carlos is 21% of property tax revenues.  
(2) Property Tax Losses are a result of properties being detached from the Belmont Fire Protection District.

Source: Bay Area Economics, 1996.





## Capital Expenditures

As noted earlier, the HIA is a developed, urbanized area with a full range of municipal services and capital improvements already in place. As such, any additional capital improvements in the HIA are primarily needed to replace or to upgrade the existing, aging facilities. The kinds of capital improvements that are likely to be required in the HIA include street resurfacing and reconstruction, sewer reconstruction, street signal replacement, sidewalk and curb and gutter repair, a sound wall for the trailer park area, and drainage improvements including extensive upgrades to Belmont Creek.

In the past, cost estimates for various capital improvements were developed. The fiscal impact analysis prepared by LAFCo staff in August, 1992 estimated the cost for capital improvements in the HIA to be approximately \$2.7 million, which included improvements to streets, drainage, and sewer systems. A joint memo prepared by the Public Works Directors in October, 1994, estimated the cost for capital improvements in the HIA to be approximately \$4.9 million, which included an upgrade of the storm drainage system to a 100-year system expected to reduce flooding and reduce insurance costs; street reconstruction of Bragato, Old County Road, Quarry Road, and O'Neill streets; and the construction of a sound wall for the mobile home park. In addition, that memo indicated that a survey of the sewer system needed to be conducted to assess the condition of the system and determine the required capital improvements. The cost of the survey was estimated to be approximately \$30,000.

More recently, the City of Belmont commissioned a study to assess the costs associated with capital improvements for those facilities within their SOI. That study suggested that the cost for bringing the infrastructure in Belmont's SOI up to current city standards could exceed \$10 million, depending on the amount of hazardous material encountered during construction. The study indicated that the cost to bring the infrastructure in the SOI up to a maintainable standard is approximately \$1.7 million, and includes provisions to upgrade the design of Belmont Creek to accommodate a flow of 1,200 cfs at a cost of about \$900,000; a maintenance program for the drainage system to clean out the pipes, inlets and manholes at a cost of about \$50,000; and lining the 27" sewer line that runs down Industrial Way at a cost of approximately \$750,000.

Based on the conflicting data presented above, it is clear that exact cost estimates for improvements to the various infrastructure systems in the HIA are difficult to determine and are beyond the scope of this Study. However, it appears that a general consensus has developed regarding the major improvements that may be required in the HIA, including extensive improvements to Belmont Creek to alleviate flooding, improvements to the sewer and drainage systems to replace and upgrade some the aging underground pipes, and improvements to the existing street network. Since each city will be required to fund all, or a portion of the capital improvements under Alternatives 1, 2, or 3, the exact cost of the improvements may not be as important as the ability of the cities to secure the necessary capital funding. The following sections discuss each cities capital improvement program, and provides a limited discussion of how the cities may fund future capital improvements in the HIA.

**Capital Improvement Programs.** Both Belmont and San Carlos prepare five year capital improvement programs or plans to identify future capital improvements needs and sources of funding. San Carlos maintains several different capital improvement funds that identify proposed capital improvements and the sources of funding, including a sewer replacement fund, traffic safety fund, limited truck route fund, gas tax fund, capital improvement fund, park in-lieu fund, NPDES fund (for drainage improvements), and funds related to redevelopment capital improvements. In addition, the City maintains a list of projects that currently do not have an identified source of funding. The 1995-96 adopted budget for the funds listed above is approximately \$29.3 million.



Belmont also maintains several different capital improvements funds that identify proposed capital improvements and the sources of funding. These funds include a gas tax fund, a redevelopment fund, a low and moderate housing fund, a sanitary sewer fund, a facilities fund, a park improvement fund, a storm drainage fund, an open space fund, a grade separation fund, and a downtown assessment district fund. For fiscal year 1995-96, the City has adopted a budget of approximately \$33.3 million for the funds listed above. The City's budget does not contain a list of unfunded capital improvement projects.

Based on the information presented above, one can see that both cities maintain capital improvement funds for the same type of improvements. For example, both cities maintain a gas tax fund that provides funding for improvements to the street system including street resurfacing and road reconstruction, and the dominant source of funding is the State Gas Tax. In addition, both cities also maintain a sewer fund that provides for the replacement and rehabilitation of the existing sewer lines with primary funding from sewer connection fees and service charges. Given the limited sources of infrastructure financing available to local municipalities, it is not unusual to find that the capital improvement funds in both cities tend to "mirror" one another.

**Capital Financing Alternatives.** Given the large capital requirement required for some of the improvements in the HIA, it is unlikely that either city has, or would be willing to dedicate cash reserves to fund these improvements. Rather it seems more likely the improvements would be incorporated into the capital improvement program for each city, and that the improvements would be made when funding has been secured. The following outlines some of the possible funding methods available to the cities.

*Assessment Districts.* Assessment districts provide a mechanism for local agencies/special districts to construct or acquire public improvements, to apportion the costs through liens against the properties in a designated area which directly benefit from the improvements, and to finance the liens through the issuance of tax-exempt bonds. Although the formation of an assessment district does not require voter approval, special assessments are usually subject to protest provisions which stipulate that if a certain percentage of the property owners protest, the local agency must submit the assessment to a vote, and/or abandon it for specified period of time.

Public works improvements are eligible for assessment district financing to the extent that the properties within the district receive a special, measurable and direct benefit from such improvements. Traditionally, assessment district financing has been used to fund such improvements as streets and roads, water, sewer, flood control facilities, utility lines, and landscaping.

In general, each property within an assessment district is assessed a portion of the improvement costs based on the proportion of benefit received by that parcel. Assessment liens are levied against the parcels at the time the district is formed, and installment payments are collected along with the property taxes on an annual basis. This revenue stream, and the lien against the property, are used to secure bond financing and in the event of default, the property could be sold at a foreclosure sale to generate revenues to payoff the outstanding debts.

In the case of the HIA, it seems quite likely that assessment bonds could provide a viable means of funding for the major capital improvements required in the area, specifically the improvements to Belmont Creek and system-wide sewer improvements. As noted earlier in





the fiscal impacts section, sewer and drainage districts with coterminous boundaries already exist in the HIA which may facilitate the implementation of assessment district financing.

Revenue Bonds. Revenue bonds are bonds payable from a special fund - a limited source pledge will secure payment of the bonds. As such, these bonds usually finance facilities for a revenue generating enterprise and are payable from the revenues of that enterprise. Generally, agencies and special districts issue revenue bonds to finance improvements such as water and sewer collection, supply, and treatment facilities.

Both San Carlos and Belmont operate municipal enterprises for services that could issue revenue bonds as a funding source for some of the capital improvements in the HIA. The problem that both cities face when using revenue bonds is that existing residents may feel as though they are being asked to pay for improvements in the HIA. Therefore, some mechanism would need to be in place to ensure that the fees collected from the HIA property and business owners reflected the proportionate benefit they received.

Mello-Roos Community Financing Act. The Mello-Roos Community Facilities Act (the "Act") allows agencies and special districts to create defined areas, called Community Facilities Districts (CFDs), within their jurisdictions in which they may impose special taxes to pay for public improvements and services needed to serve the area. Funds from the CFD may provide for the purchase, construction, expansion or rehabilitation of any real or tangible property with an estimated useful life of more than five years, or they may be used for the ongoing operation and maintenance of certain facilities.

The CFDs differ from assessment districts in that property owners within the district pay the Mello-Roos tax regardless of the benefit conferred. As a result property that may not benefit directly, or that may only receive marginal benefits from proposed improvements, can be assessed to pay an amount comparable to those properties directly impacted by the improvement. In the case of the HIA, this would allow the cost of major capital improvements, such as those along Belmont Creek, to be spread across numerous property owners without placing such an onerous burden on those property owners who benefit the most from the improvements, as might be the case in a typical assessment district.

The limiting factor in using this financing method for capital improvements in the HIA is that it requires approval of two-thirds of the property owners in the area. This requirement may be difficult to satisfy since many property owners own parcels that will not receive a direct benefit from the proposed improvements, and therefore, they may be reluctant to vote to tax themselves.

Certificates of Participation. Certificates of Participation ("COPs") provide long-term financing for public improvements via a lease or installment sales structure. Under this financing mechanism, the public agency ( in this case Belmont and/or San Carlos) would lease property from a non-profit corporation, which is specifically created to construct the necessary capital improvements with funds generated by the sale of COPs. The lease payments would be made by the agency out of its general fund to the non-profit corporation, and would be passed on to the holders of the COPs in the form of a principal and interest payment. As such, the COPs represent an obligation of the city's general fund, or some other designated special fund.





Since the HIA is expected to generate additional general fund revenues to the annexing city(s), the COPs could be paid for out of these additional revenues. The advantage of this method is that it does not require the formation of a special district and does not require voter approval, only the authorized approval of a resolution by the governing body.

*Redevelopment.* As noted earlier in this Study, the HIA is bordered by redevelopment project areas in the City of Belmont to the north, and the City of San Carlos to the south. If the HIA were annexed to either of these cities (as would be the case in alternatives 1, 2, and 3), they may be able to expand their project areas to include all or a portion of the HIA, if it satisfies the statutory criteria for inclusion in a redevelopment area such as the existence of blight.

By including the HIA in a redevelopment project area, the cities could take advantage of a unique financing tool available to redevelopment agencies known as tax-increment financing. Tax-increment financing “freezes” the property tax in the project area and allocates the future tax increases to the redevelopment agency (after making various mandatory “pass through” payments to other tax receiving entities). This produces a revenue stream to the redevelopment agency that can be bonded against to finance capital improvements in the project area.

In addition to the methods outlined above, it has been suggested that County may be able to pay for some of the improvements required in the HIA by using its available reserves. Under this arrangement, the cities could request all or a portion of the one-time costs associated with upgrading the facilities in the HIA as part of the tax sharing agreement with the County. In exchange, the cities would allow the County to keep a larger share of the property and/or sales tax dollars generated in the HIA until the up-front revenue had been repaid, the net effect being a reduction in general fund revenues to the cities.

At this time, it seems likely that either city could pursue one or more of the financing options listed above to fund capital improvements in the HIA.



## XI. COMMUNITIES OF INTEREST ASSESSMENT

**Assessment Criteria.** As noted earlier, one of the statutory factors LAFCo must consider in determining a sphere of influence for a local governmental agency is “the existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency” (*Government Code 56425.a.4.*). In addition, one of policies and criteria established by the San Mateo LAFCo for sphere of influence determinations requires the Commission to “examine the effects of the potential jurisdictional changes on affected local agencies, residents, tenants, and landlords.”<sup>50</sup>

Based on the statute and policies established by LAFCo, the following criterion is used to assess potential sphere of influence boundaries:

- SOI boundaries should respect existing, identifiable communities within unincorporated areas and should seek to incorporate those communities into cities with which they share a social and economic interdependence.

The difficulty in determining the existence of one or more “communities of interest” in the Harbor Industrial Area centers around how the phrase has been defined and the legislative intent for including it as a statutory criteria for SOI boundary determinations. Past attempts by the cities and property owners in the HIA to define a community of interest have generally resulted in two distinct interpretations. The first defines a community of interest based on the existence of social and economic interaction and interdependence *between* the area and the affected cities. This definition is derived from text contained in the Knox-Nisbet Act, the predecessor to the current Cortese-Knox Local Government Reorganization Act of 1985. Specifically, the Knox-Nisbet Act stated that:

Among the factors considered in determining the sphere of influence of each local government agency, the commission shall consider...the existence of social and economic interdependence and interaction between the area within the boundaries of a local governmental agency and the area which surrounds it and which could be considered within the agency’s sphere of influence.

The second interpretation of the “communities of interest” portion of the state statute is that this phrase refers to the existence of an identifiable community *within* the unincorporated area that must be considered in any SOI determinations, and that a SOI should not divide an existing community.

In the past, both cities have presented information to support the position that social and economic links exist between the HIA and each of the respective cities. In addition, the Harbor Industrial Association, an association of property owners formed in 1954, has presented information that the HIA is an identifiable community and that this fact needs to be observed in the recommendation of any SOI.

As part of Belmont’s attempt to annex its portion of the SOI, and the subsequent litigation, considerable discussion was given to the issue of communities of interest. As part of that process, LAFCo requested that the Harbor Industrial Association and the two cities submit information regarding their view of the concept of “communities of interest.” The following summarizes each entity’s response to LAFCo.

*Harbor Industrial Association.* In a letter faxed on August 25, 1993, from the Association to LAFCo, the Association stated that there are three “characteristics which influence its community of interest” (see

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<sup>50</sup> *General Policies and Criteria for the Development and Determination of Spheres of Influence*, revised March 20, 1996. III.14.



Appendix C for a copy of the letter). The first characteristic noted was that the HIA is a community in and of itself. The existence of the Association, and the leadership it provides property owners in the area, was cited as one example of how the area represents a community. It notes that the Association has been acknowledged as the leader of this community by both the cities and the County.

The second characteristic noted by the Association was the negative interaction that has occurred with the City of Belmont for many years. Examples of this negative interaction included attempts to annex portions of HIA despite the reluctance of the property owners in the area to be annexed into Belmont; the likelihood of flooding in the HIA as a result of upstream improvements to the drainage system in Belmont; the installation of seven street barricades along the border of the HIA and Belmont; the anti-business attitude demonstrated by the City, such as down zoning properties along Old County Road; the borrowing of funds from the Belmont Fire Protection District by the City; and the fact that a Belmont Councilman seated on LAFCo did not abstain from voting on several key issues affecting the HIA.

Finally, the Association noted that there is a growing community of interest with the City of San Carlos. Examples of this positive association included a petition by property owners in the HIA to be annexed into San Carlos; the pro-business attitude of the City; membership of HIA businesses in the San Carlos Chamber of Commerce; service by HIA business and property owners on City commissions and task forces for issues affecting the HIA; the superior traffic access from San Carlos; and the use of San Carlos businesses by businesses in the HIA. In closing, the letter once again reaffirmed that the HIA is a community in and of itself.

San Carlos. In a letter dated August 30, 1993, the City of San Carlos responded to LAFCo's request for a description of the community of interest which San Carlos believes exists between the San Carlos and HIA (see Appendix C for a copy of the letter). The letter addressed two major points with regard to communities of interest: 1) the community of interest between the City of San Carlos and the HIA, and 2) the community of interest within the HIA itself.

In describing the community of interest that exists between the City and the HIA, the letter notes the HIA has numerous ties to the City. Examples include the link between the cities for the provision of sewage treatment to the HIA; a joint venture between San Carlos and the HIA to fund a CalTrain feeder bus that runs from the San Carlos CalTrain stop to the HIA and industrial areas to the south in San Carlos; the provision of public works projects to facilitate traffic flows into and out of the HIA and San Carlos' Industrial Area to the south, including substantial improvements to the Holly/Industrial Way intersection; participation of HIA businesses in the San Carlos Chamber of Commerce; the service of several members of the HIA on City task forces and commissions; and the desire of property owners in the HIA to be annexed into the City of San Carlos.

With regard to the existence of a community of interest within the HIA, the letter cites the existence of the Harbor Industrial Association and its substantial membership of property owners in the HIA, and the economic interdependence of many businesses located within the HIA. In closing, the letter notes that the HIA would be best served by being allowed to develop under a single planning and zoning scheme, administered by a city with experience in dealing with land use matters for an industrial area.

Belmont. In a letter dated August 12, 1993, the City of Belmont outlined its view of the communities of interest that exist between the City and the HIA (see Appendix C for a copy of the letter). Examples cited to illustrate the existence of a community of interest between the City and the HIA included transit connections to the City via Harbor Boulevard; the presence of the Belmont Creek drainage corridor running through the HIA; the fact that businesses in the HIA are in the Belmont postal zip code; the





ability of the Belmont police to service the HIA; the physical factor that the area is substantially surrounded by the City of Belmont; the regulatory situation whereby employment in the HIA is used by ABAG to compute the City's "fair share" allocation of housing; and the view that Belmont has based its land use planning decisions anticipating the ultimate annexation of a portion of the HIA.

As the information presented above shows, a few common issues emerged from each interpretation of the communities of interest, such as drainage or traffic access. However, depending on the author of the letter, these issues were portrayed as either contributing to a positive community of interest between a city and the HIA, or as creating a negative interaction between a city and the HIA.

As part of this Study, a confidential survey was mailed to all the property and business owners in the HIA to develop a better understanding of the presence of social or economic links between the HIA and either city (residents of the mobile home park were not included in the survey). The purpose of this survey was to provide an objective foundation upon which to identify one or more communities of interest.

**Communities of Interest Survey.** The communities of interest survey conducted as part of this Study was mailed to 462 business and property owners in the HIA. The list of property owners was developed using TRW Redidata, an on-line database of assessor parcel information. The information obtained from TRW was checked against parcel maps from the County Assessor's Office to ensure that all the property owners in the HIA were included in the survey.

The list of business owners was developed using information supplied by the South County Fire Authority (SCFA). Using information gathered in the field during fire inspections and the issuance of permits, the SCFA was able to supply a database of the businesses located in the HIA. In an effort to ensure that a survey was mailed to every business in the HIA, the information provided by the SCFA was verified by a field survey of the HIA.

The survey instrument was a two-sided questionnaire (see Appendix D for a copy of the survey). Business owners were requested to fill out Side A, and property owners were asked to complete Side B. Business owners who also own their property and facilities were asked to complete both sides of the questionnaire. In general, the questions asked about the business and property owner's social and economic links to the surrounding the communities including questions about membership in Chambers of Commerce, location of bank branches used for business, areas used to entertain clients, etc.

Of the 462 surveys that were mailed to the business and property owners, 111 completed surveys were returned, and 16 surveys were returned by the Post Office as undeliverable. Of the 111 completed surveys, 82 were from business owners in the HIA, and 29 were from property owners in the HIA, including 23 who also owned business in the HIA.

**Findings.** The results of the survey show that the HIA is largely comprised of property and businesses owners that have been located in the area for a long period of time, and that most of the businesses in the area are small businesses with less than nine employees. The data shows that while the businesses in the area have a strong interaction with the two surrounding communities, the slight tendency of the businesses to frequent San Carlos more often than Belmont for business related services such as banking, entertaining clients, or membership in the Chamber of Commerce, does not strongly support a conclusion regarding the existence of a community of interest between the HIA and either city compared to the other.



However, when asked about their future vision for the HIA, both property and business owners showed a preference for having the HIA included in the San Carlos SOI, or having the HIA remain as an unincorporated area. Several responses to this question identified a strong opposition to having the HIA included in the Belmont SOI. In general, the responses highlighted the anti-business image the City of Belmont has with the business owners in the HIA.

It should also be noted that a couple of respondents to the survey enclosed letters expressing their desire to remain unincorporated, but stated that if an SOI determination were to be made, that they would prefer to be included in the Belmont SOI. The reasons cited for inclusion in the Belmont SOI included: 1) a business identity with the City resulting from an established Belmont street address; 2) the cost associated with changing stationery, business cards, checks, invoices, telephone listings, etc.; and 3) the confusion created by the duplication of street addresses with businesses located in San Carlos.

The survey also confirms that the Harbor Industrial Association is comprised of mostly of property owners in the area. Of the 81 business owners who responded to the survey, that do not also own property in the HIA, only 2 reported being members of the Harbor Industrial Association. The significance of this finding is that in the past, the existence of the Harbor Industrial Association has been used to justify the existence of a community of interest within the HIA that should not be divided. However, the low participation of many of the business tenants in the Association, many of them long term tenants based on the results of the survey, may suggest that there are actually two interest groups in the HIA that need to be considered: the property owners and business owners.

As noted earlier, the difficulty associated with determining if a community of interest exists with regard to the HIA lies in the interpretation of the phrase and legislative intent for its inclusion as a statutory criteria for SOI determinations. Since the Cortese-Knox Act was largely a non-substantive reorganization of the provisions of three other acts into one law, it can be assumed that the legislative intent regarding spheres of influence is that they should continue to consider the interdependence and interaction of the unincorporated area with the affected agency. However, the omission of this language from the new statute can lead one to the conclusion that this interdependence may not be as important as the preservation of identifiable communities.

For the HIA, the information presented in this section as well as throughout this report clearly indicates that there are numerous interdependencies and interactions between the two cities and the HIA. Some of these connections exist simply because the HIA is part of a larger urbanized metropolitan region, rather than due to a particular city boundary location; eventual jurisdictional changes will not eliminate these economic and social connections to both cities. The survey results are inconclusive with respect to determining which HIA-to-city connection is stronger; this is particularly true if one factors out the presence of political preferences and focuses on social and economic behavior of property owners and business tenants.

Determining if the HIA is its own “community of interest” is also subject to each individual’s interpretation of what constitutes a community; an issue complicated further by the lack of significant residential development (which would add a host of social and economic interactions to the list of factors to be tested). However, based on the information collected for this Study, it appears that the HIA functions as a well defined, homogenous, commercial/industrial district, and that it is fortunate to have an active Association of property and business owners willing to address the social and economic issues facing the area. Thus, this Study has concluded that the HIA constitutes a cohesive district, and any SOI designation should consider the HIA a unified district rather than encourage an eventual split between the two city jurisdictions.



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## PERSONS CONTACTED

Angel, Marion. State Housing and Community Development Department, Housing Policy Office.

Banning, Peter. Executive Officer, San Mateo Local Agency Formation Commission.

Bewley, Jim. South Bayside System Authority.

Callahan, Walt. Flood Control Manager, County of San Mateo Department of Public Works.

Collard, Gary. State Housing and Community Development Department, Housing Policy Office.

Divine, Peg. Director of Public Works, City of Belmont.

Edwards, Damon. City Manager, City of Belmont.

Frame, Bob. San Mateo County.

Garvey, Michael. City Manager, City of San Carlos.

Gerst, Clifford. Chief of Police, City of San Carlos

Gilbert, Don. City of San Carlos Engineer.

Goulart, James. Chief of Police, City of Belmont.

Hanley, Margaret. City of San Carlos.

Holbrook, David. San Mateo County Planning.

Hough, Stephen. Barton-Aschman Associates, Inc.

Jennings, Ed. San Mateo County Department of Public Works.

Johnson, Doug. SamTrans.

Jones, Howard. Harbor Industrial Association.

Kangas, Stan. Brian Kangas Foulk.

Loughlin, Mike. City of San Carlos Planning Department.

Martin, Neil. Director of Planning, City of San Carlos.

McBride, Janet. Association of Bay Area Governments.

Munkres, Jason. CalTrain.



Price, Richard. Battalion Chief, South County Fire Authority.

Scannell, Paul. Assistant County Manager, San Mateo County.

Schick, Al. Harbor Industrial Association.

Scotch, George. San Mateo County Controllers Office.

Short, Douglas. Belmont County Water District.

Tiegel-Dougherty, Inge. Harbor Industrial Association.

Vanderpriem, Daniel. Planning and Community Development Director, City of Belmont.

Watrey, Steve. City of San Carlos Redevelopment Agency.

Williams, Sherwin. Management Analyst, City of Belmont.

Wong, Tom. CalTrans.

Woods, Michelle. State Housing and Community Development Department, Housing Policy Office.

Zanoni, Chris. City of San Carlos General Services.



## **APPENDIX A - BUSINESS LICENSE FEE SCHEDULES**





**BUSINESS REGISTRATION CHARGE**  
Effective 11/1/95  
**MINIMUM: \$85.00; MAXIMUM OF \$1,085.00**

**GROUP I: MANUFACTURER, WHOLESALE, RETAIL - BASE FEE= \$45 + \$11 PER EMPLOYEE/SPACE**

Antique & Consignment	Donut Shop	Liquor Stores
Bakery and Coffee Shops	Drug Stores	Manufacture and Manufacturing Rep.
Book Stores	Flower Shops	Business not specified in Ordinance
Candy Stores	Furniture Stores	Printing, Copying, & Publishing
Car Dealers	Gardening Supplies	Restaurants, Delis, Cafes
Clothes Stores	Gas Station & Car Wash	Shoe Stores
Computer Stores	Grocery Stores	Sporting Goods
Department Stores	Hardware, Cabinets & Paint	Stationary & Office Supplies
Distributors	Jewelers	Wholesalers

**GROUP II: SERVICES - BASE FEE= \$45 + \$17 PER OWNER/EMPLOYEE**

Agents with no fixed location	Contractors	Photography
Aircraft Leasing	Delivery Services (in San Carlos)	Property Management/Rental
Athletic Club & Gyms	Dry Cleaners, Laundry & Tailor	Real Estate Offices and Agents
Auto Repair, Paint & Body Shops	Gardening Services	Rental (Car and Equipment)
Beauty, Barber, Nail & Hair	Hotels & Motels	Repair
Child Care (7 or more)	Locksmiths & Security	Schools & Instruction (for profit)
Computer Services & Programming	Mailing Services	Travel Agents

**GROUP III: PROFESSIONS - BASE FEE= \$45 + \$23 PER OWNER/EMPLOYEE**

Accountant	Artist	Geologist
Advertising	Attorney at Law	Health Care Services & Labs
Appraiser	Doctors/Dentist	Massage Therapists
Architects	Engineers	Medical Practitioner

**GROUP IV: AMUSEMENT DEVICE - FIRST TWO MACHINES= \$112 EACH; ADDITIONAL= \$169 EACH**

Arcade Machine	Video Machine
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**GROUP V: BILLIARD/POOL ROOM, BOWLING ALLEY - FIRST LANE OR TABLE= \$85; ADD'L \$23 EACH**

**GROUP VI: AMUSEMENT PLACE, BINGO, THEATER - 1-500 SEATS= \$112; ADDITIONAL= \$.44 PER SEAT**

**GROUP VII: APARTMENT - 1-2 UNITS= NO CHARGE; 3 OR MORE, BASE FEE= \$45 + ADD'L \$11 EACH**

**GROUP VIII: CONTRACTOR (OUT OF TOWN) - 12 MONTHS= \$85; 6 MONTHS= \$51**

**GROUP IX: SEASONAL AND SPECIALIZED - \$371**

Christmas Tree/Pumpkin Lots	Street/Temporary Vendors & Solicitors
Auction House	Similar Business Not Specified

**MISCELLANEOUS CHARGES:**

- ❖ A CHANGE OF ADDRESS REQUIRES A NEW REGISTRATION AND ZONING CLEARANCE.
- ❖ RE-ISSUANCE OF REGISTRATION CERTIFICATES ARE SUBJECT TO AN ADDITIONAL CHARGE.



CITY OF BELMONT  
BUSINESS LICENSE FEES  
FISCAL YEAR 1996-97

CATEGORY	FY 96-97	FY 95-96
General - Base Fee	179.00	176.00
Artists - Working Space Only	60.00	59.00
Employee Schedule - FT	17.91	17.59
Employee Schedule - PT	8.98	8.80
Storage - Parking Space	179.00 plus 1.20 per parking space	176.00 plus 1.18 per parking space
Billard Parlor	598.00	587.00
Bowling Alley	598.00	587.00
Real Estate Broker	179.00 plus 60.00 for each agent	176.00 plus 59.00 for each agent
Taxi Cab Company	179.00 plus 37.00 for each cab	176.00 plus 36.00 for each cab
Gas Station	90.00 per pump plus employee sch.	88.00 per pump plus employee sch.
Christmas Tree/Pumpkin Lots	90.00	88.00
Massage Parlors	2386.00	2344.00
Escort Services	2386.00	2344.00
Rental of Commercial Property	60.00 per bldg. plus .31 per 100 sq ft.	59.00 per bldg. plus .30 per 100 sq.ft.
Auctioneer	179.00	176.00
Rental of Residential Property four (4) or more dwelling units	17.91 per dwelling unit	17.59 per dwelling unit
Laundry Equipment and/or Coin-Op Machines	.015 percent of the 1st \$10,000 of gross receipts and .0075 percent of gross receipts in excess of \$10,000	.015 percent of the 1st \$10,000 of gross receipts and .0075 percent of gross receipts in excess of \$10,000
Coin Machines/Video/Vending Amusement	0.15 percent of the 1st \$1,000 of gross receipts and .05 of all gross receipts in excess of \$1,000	0.15 percent of the 1st \$1,000 of gross receipts and .05 of all gross receipts in excess of \$1,000
Advertising-Billboards	0.60 per sq.ft. per sign and 0.45 per sq.ft. for illuminated signs	0.60 per sq.ft. per sign and 0.45 per sq.ft. for illuminated signs



CITY OF BELMONT  
BUSINESS LICENSE FEES  
FISCAL YEAR 1996-97

CATEGORY	FY 96-97	FY 95-96
Contractors/Sub-Contractors	179.00	176.00
Solicitors	179.00	176.00
Hotels/Motels	179.00	176.00
Minimum Tax	179.00	176.00

FEES ARE BASED ON CONSUMER PRICE INDEX-BAY AREA FOR DECEMBER 1995 AT 1.8%





## APPENDIX B - OPERATING EXPENSE MEMOS



MEMORANDUM

DATE: OCTOBER 27, 1994

TO: DAMON EDWARDS, CITY MANAGER OF BELMONT  
MICHAEL GARVEY, CITY MANAGER OF SAN CARLOS

FROM: MICHAEL OLIVER, CHIEF OF POLICE, BELMONT <sup>PO</sup>  
CLIFFORD GEPST, CHIEF OF POLICE, SAN CARLOS <sup>CO</sup>

SUBJECT: HARBOR INDUSTRIAL DISTRICT - POLICE SERVICES NEEDS ASSESSMENT

We estimate that there will be a need to increase staffing by one full time Police Officer position to provide the District with Police services and response time equivalent to those received in our respective jurisdictions.

The hours of deployment would essentially correspond to the highest levels of business activity which takes place within the district, and the projected need to respond to calls for services, and to provide preventive patrol and traffic monitoring activities.

Generally speaking, the greatest activity within the district is between 8 AM and 5 PM, Monday through Friday when most businesses are in full operation.

We would deploy the additional officer on a Monday through Friday basis with the actual hours of deployment being flexible enough to have that officer on duty during hours of greatest need.

This position will increase the resources available for response to the District area, and will provide for an actual uniformed presence on a regular basis.

It should be noted that the position we are recommending would not be assigned exclusively to the Harbor Industrial District, but rather, would be assigned to a beat area that would include the District.

Calls for service that require a two unit response or that occur before or after this additional person is on duty, would be handled with our existing resources. These will include responses to burglar alarms, injury traffic accidents, HazMat incidents, as well as crimes in progress. Specialized details, such as traffic, K-9, and criminal investigations, will be performed by existing personnel, as needed.

During the first year, data will be collected on the actual number, types, and time of day, day of the week, distribution of calls for service, and officer initiated activities which could result in different deployment patterns based upon an assessment of the true workload. Currently, this data is not readily available from the Sheriff's Office or California Highway Patrol.

We feel that this approach can give the Harbor Industrial District a higher level of service than they now receive from the County and California Highway Patrol, without diminishing the level of service which we now provide our citizens.

Estimated Annual Expenses Would be Personnel Costs:

1)	Salary and Fringe Benefits	\$66,050	
2)	Overtime	\$11,000	
3)	Training	\$ 1,000	
4)	Safety Equipment	<u>\$ 500</u>	
		\$78,550	\$78,550



OCT-13-1994 18:19

BELMONT PUBLIC SCS

P. 82

**CITY OF BELMONT**  
**INTER-OFFICE MEMORANDUM**

**DATE:** October 13, 1994

**TO:** Damon Edwards, City Manager - City of Belmont  
Mike Garvey, City Manager - City of San Carlos

**FROM:** Parviz Mokhtari, Director - Department of Public Works - City of San Carlos  
John Hopkins, Director - Department of Public Services - City of Belmont

**SUBJECT:** Harbor Industrial Area - Preliminary Infrastructure Costs

In response to your recent request, the following preliminary infrastructure cost estimates are submitted:

STREET INVENTORY				
Street	Length (Feet)	Pavement Condition	Curb Distance (Feet)	Cost to Reconstruct
Brigade	950	Poor	1900	45,000
Elmer	700	Good	1400	-
Harbor	2005	Good	4010	-
Industrial	4200	Good	8400	-
Old County Road	2900	Poor	5800	211,000
Quarry Road	1700	Poor	3400	90,000
O'Neill	1800	Poor	3600	54,000
Gleason	800	Okay	1600	-
Taylor	1300	Okay	2600	-
<b>Total:</b>	<b>16,355</b>		<b>32,710</b>	<b>400,000</b>





Memo to Damon Edwards and Mike Garvey  
 Harbor Industrial Area  
 October 13, 1994  
 Page two

PUBLIC SERVICES INFRASTRUCTURE - ESTIMATED ANNUAL MAINTENANCE COSTS FOR 1994-95		
Pavement Maintenance	\$80,000	(See Street Inventory)
Street Sign Maintenance	5,000	(Estimate)
Street Sweeping	8,000	(Estimate)
Street Lighting	12,000	(County Budget)
Sanitary Sewer	60,000	(Estimate)
Storm Drain & NPDES	80,000	(Estimate)
Total:	\$245,000	

CAPITAL IMPROVEMENT PROJECT		
Storm Drainage	\$4,150,000	
Street Reconstruction	400,000	(See Street Inventory)
*Sanitary Sewer	30,000	(Cost of System Survey to establish the condition)
Sound Wall For Trailer Park	350,000	

The \$3,740,000 storm drainage allocation is a one-time capital expenditure for a 100-year system to prevent flooding and reduce insurance costs.

Please note that the Belmont Highway Lighting District and the Harbor Industrial Sewer Maintenance District presently administered by San Mateo County, provide revenue mechanisms that should be transferred at the time of annexation.

\*The cost of rehabilitation/up-grade of the collection system will be calculated following the survey.



## APPENDIX C - COMMUNITY OF INTEREST LETTERS



RECEIVED

AUG 12 1993

LAFCO



August 9, 1993

William D. Davis  
Executive Officer  
Local Agency Formation Commission  
County Government Center  
Redwood City, CA 94063

Dear Bill:

In response to your letter of July 30, 1993, I have prepared supplementary information which I expect will clarify and complete the City of Belmont's application for annexation. The information below is organized in order of your questions:

#### Fiscal Impact

The 1992 LAFCo fiscal study recognized that short term fluctuations in revenue and costs based on economic conditions, policies, and State legislative changes that are subject to continuous change. The long range analysis concluded that the public revenues are in excess of costs "even without the transfer of property tax revenues to the city". The only change which has occurred since the preparation of the LAFCo study is that County Staff is recommending a property tax sharing agreement to the Board of Supervisors which is based on the "redevelopment model", i.e. The current County property tax revenue would be fixed and increase 2% per year, and Belmont would benefit from increases over and above this amount. Therefore, with the approval of this agreement there would be an additional buffer of revenues which further increases the benefit to Belmont. The remaining change is in the area of capital improvements.

Included in the LAFCo analysis of Capital costs to Belmont was an estimate provided by San Carlos in Belmont's behalf. It should be noted that in neither the County's comments on the Belmont DEIR nor in the County's comments on the Annexation proposal did the County identify this magnitude of improvements. Therefore, capital improvement costs to the drainage system, if any, are expected to be substantially lower.

These two changes in assumptions will substantially increase the annexation's benefit to the City of Belmont beyond the benefit already identified in the prior fiscal study.

C00353





## Plan for Services

Drainage Maintenance: Discussion with George Zinckgraf, Principal Civil Engineer for Harbor Industrial Drainage Maintenance District on August 5, 1993, indicated that The County could not assign administrative responsibility for a portion of the district. He indicated that the County would prefer to no longer administer the district. This would be accomplished by dissolving the portion of the District outside of the annexation area. The portion of the District within the Annexation area could be dissolved and reformed as a City of Belmont Maintenance District. The County and City could then enter into an agreement for the distribution of remaining assets as follows: District funds on deposit which were collected from the area outside of the annexation area could be returned to those property owners, and the remaining assets would be transferred to the new City Drainage Maintenance District. Any easements and non-liquid assets could be transferred to the new maintenance district upon formation. The Environmental Impact Report for the annexation proposal addressed this type of arrangement as an alternative to continuing the existing District. This alternative service option is an acceptable modification to the plan for services.

Responsibility for storm water quality will pass from the County to the City. However, since the NPDES program is being formulated as a Countywide program only the responsibility for monitoring and administration will change. There will be no program changes. Emergency response regarding hazardous spills will continue to be provided by the South County Fire Authority.

Depending on land uses within each jurisdiction there will be some tailoring of program monitoring oversight based on the mix of uses within that jurisdiction. The County has defined a program applicable to the unincorporated territories. Belmont will utilize this program as it applies to the Harbor area. There will also be a need for a funding mechanism for program oversight. The formulation of this funding source is under development countywide. Since the funding is being formulated to cover costs of monitoring there should be no adverse impacts to Belmont, and no impacts to businesses and property owners regardless of jurisdiction.

The primary effect of the annexation proposal relative to NPDES will be a simplification of administering NPDES requirements. This is related to the fact that all drainage improvements maintained by the County District are within the proposed annexation area. Therefore, the entire Belmont Creek corridor and drainage shed prior to its discharge into the



Redwood Shores area would be under Belmont jurisdiction. This would eliminate the need for coordination between agencies and result in more efficient management of the NPDES program throughout the creek corridor and drainage shed area.

Sewage Treatment: The Final EIR indicates that an agreement would need to be entered into only "if the (annexation) area is detached from the district". Detachment is not part of the proposed plan for services. The plan for services proposes to maintain the HISMD which is consistent with the County position. The current agreement between HISMD and San Carlos stipulates that should annexation of a portion of the service area occur detachment from the district would not be required (see attached agreement excerpt). Belmont concurs with the position of the County that the most logical organization of service is for the HISMD to remain intact and continue in operation. Only under a dissolution scenario, if the District seeks a transfer of treatment capacity to Belmont, then an agreement with HISMD and San Carlos would be necessary. Belmont supports a condition of annexation that the district remain intact, thereby eliminating the need for modifying agreements.

The West Bay Sanitary District (WBSD) comments that no agreement exists between the City of Belmont and WBSD regarding the transfer of treatment capacity. Under the current SBSA Joint Powers Authority a member agency may purchase or otherwise transfer additional capacity from another member agency of SBSA. West Bay Sanitary has not entered into an agreement with Belmont for this transfer because additional treatment capacity is not needed.

The FEIR provides a water use/sewage effluent trends analysis and documents a historical decline in sewage effluent since 1987, together with the reasons for same. The current effluent from the annexation area is 0.164 MGD. Belmont has a current available capacity of 0.8 MGD, more than sufficient to serve the area should HISMD need additional capacity.

To address potential increases in effluent which may occur as a result of area-wide increases in water uses, the FEIR identified that West Bay Sanitary District would be willing to negotiate sale or transfer of treatment capacity (see page 55 FEIR and attached letter). It is true that there is no current agreement for such transfer. This is because there is no indication that such a transfer will be needed. However, it is also true that the service area of West Bay Sanitary District is essentially built out and the General Manager is willing to negotiate the sale or transfer of excess capacity should it be needed by Belmont or HISMD. Additionally, it should be noted that Belmont has already funded its share of future treatment plant expansion.





If LAFCo amends the annexation proposal to detach the annexed territory from the District then two conditions would be appropriate; 1) that Belmont demonstrate sufficient available sewage capacity to serve the annexation area, and 2) that dissolution of the annexation area portion of the District be conditioned on the San Carlos Pump Station continuing to provide service to the area to minimize disruption to businesses and residents, and to provide for the most efficient delivery system to the treatment facility.

### Communities of Interest

Harbor boulevard provides one of only two entries into Belmont's commercial areas and downtown. Belmont's redevelopment Agency already funds commercial building improvements on Harbor Boulevard near Old County Road and along Old County Road in the Harbor Area because this area is an important entry to our City.

The area lies downstream along the Belmont Creek drainage corridor. Therefore, land use decisions and development within the City limits can directly affect the Belmont Sphere of Influence. Traffic between Belmont and the Belmont Sphere has only one east-west crossing of the Railroad. Again, land use decisions and development has the potential to directly affect the two areas. Managing and monitoring land use, drainage, and traffic is best facilitated by the areas being within one jurisdiction.

Businesses in the annexation area are in the Belmont postal zip code area and these businesses currently use their Belmont address as location identification of their businesses. Recently a number of business owners in the area met to discuss dissatisfaction with their landlords for supporting annexation to San Carlos. Their concern was that their businesses were identified with Belmont and a change would require expenditures to change marketing literature, stationary, business cards, and would cause confusion regarding their location.

Belmont Police can more effectively provide service due to the proximity of the police station and dispatch center, and due to the multiple street connections to other patrolled areas provided by Harbor, Old County Road, El Camino Real, and the 101 off-ramp frontage road. The annexation area contains most of the remaining unincorporated portion of the Belmont Fire Protection District which is a subsidiary District of the City. The annexation area also contains most of the remaining unincorporated portion of the Belmont County Water District.

The area is substantially surrounded by Belmont City limits. This creates a clear relationship between the residential and commercial areas abutting the industrial land uses, in that the uses of each can create potential incompatibilities for the other. The





community of interest is defined by the annexation area as well as the adjacent areas already incorporated which can be affected by adjacent land use decisions.

Regional housing "fair shares" are calculated by ABAG based upon spheres of influence. One major factor in determining a City's fair share of regional housing is the amount of employment base in its sphere. Belmont already is held responsible for providing an amount of affordable housing based upon the existence of the Harbor Area employment base. Belmont's record of providing affordable housing is unsurpassed in the mid-peninsula and should have both the benefit and responsibility of incorporating the annexation area within its City limits.


Finally, Belmont has based its land use planning decisions on the mix of uses anticipated within the ultimate boundaries of the City, including the Sphere of Influence. The Harbor Area has been General Planned and Prezoned for over 10 years as a major employment base for Belmont. These decisions have taken Belmont down a path toward a balanced community. The ultimate balance of jobs and housing within Belmont would be severely disrupted should the area which has influenced Belmont's land use planning not be brought within the incorporate City limits.

### Residential Land Use

Attached is information from the County Registrar of Voters. Those with checks next to their name are in the Belmont Sphere of Influence. We believe that there is one additional, recently registered voter on Old County Road which does not show on this older list. There are also at least three registered voters in the San Carlos Sphere. We believe that there are at least twelve registered voters outside the trailer park and within the entire unincorporated Harbor area. Fire district records identify no other residents and confirm the voter records.

I hope you find this response to your letter helpful. Please let me know if you need any additional information or clarification.

Sincerely,



Daniel Vanderprien, AICP  
Director of Planning and Community Development

Attachments  
cc: Peter Banning



# CITY OF SAN CARLOS



## CITY HALL

666 ELM STREET

SAN CARLOS, CALIFORNIA 94070

August 30, 1993

## PLANNING DEPARTMENT

666 ELM STREET

SAN CARLOS, CALIFORNIA 94070

TELEPHONE (415) 802-4263

FAX (415) 595-2044

Mr. William D. Davis  
Executive Officer  
San Mateo County  
Local Agency Formation Commission  
County Government Center  
Redwood City, CA 94063

RECEIVED

AUG 30 1993

LAFCO

Subject: LAFCo File No. 93-7 (Proposed Annexation of the Harbor Industrial Area to the City of Belmont)

Dear Bill:

This is in response to your letter of August 10, 1993, in which you asked for a description of the community of interest which San Carlos believes exists between San Carlos and the Harbor Industrial Area. I have also asked Neil Chichizola, President of the San Carlos Chamber of Commerce to prepare a response to your request. His comments are also attached.

For the record, I believe that a brief history of the Harbor community would help establish the context for my statements on the HIA-San Carlos community of interest.

The Harbor Industrial Association was formed in 1954 to further the industrial and commercial interests of the Harbor Industrial Area, to provide a formal organization for the enhancement and protection of the area, and to foster the economic growth of the area. The Association helped form the Harbor Industrial Sewer Maintenance District, a subcontractor to the City of San Carlos, responsible for the collection and transmission of sewage for treatment and disposal. The Harbor Industrial community, through its association, has formed other special districts to help solve local problems. For example, the Harbor Industrial Drainage Maintenance District was formed in to help prevent flooding problems exacerbated by the City of Belmont's upstream construction which caused increased storm drainage flows into the Harbor Industrial Area.

### Community of Interest Between City of San Carlos and Harbor Industrial Area

The Harbor Industrial Area has numerous ties to the City of San Carlos. The San Mateo LAFCo Guidelines include among the factors to be considered in determining spheres of influence "the existence of social and economic interdependence and interaction between





the area within the boundaries of a local government agency and the area which surrounds it." (Section I.2.(g).) As discussed below, there is a significant interdependence and interaction between San Carlos and the Harbor Industrial Area and we submit that there is no such relationship between this area and Belmont.

It has been alleged that the Harbor Industrial Area was part of a larger industrial area extending from O'Neill Avenue (the southerly Belmont City Limits) to Whipple Avenue in Redwood City. I have attached a map of that area color coded to differentiate between industrial, residential and commercial land uses (i.e. zoning). It is readily apparent that the Redwood City portion of the industrially-zoned property comprises only a minor portion of the area, apparently less than 5 percent and should be discounted from having any significant contribution to a community of interest. Only the Harbor Industrial Area and the San Carlos Industrial area are relevant and they do share economic and social interests. Specifically, the economic and social interests which form ties between these communities are:

1. The formation of the Harbor Industrial Sewer Maintenance District in the early 1950s which facilitated the construction, operation and maintenance of sewage collection and transmission lines carrying sewage to the treatment and disposal plant in San Carlos. Without such sewage collection and transmission facilities, the economy of the Harbor Industrial Area could not have grown and prospered. The HIA's economic ties to San Carlos were further reinforced when the new South Bayside Systems Authority Treatment and Disposal facilities were constructed in Redwood Shores and the District became a subcontractor to San Carlos for purposes of capacity allocation among the four primary members of SBSA (i.e. Belmont, San Carlos, Redwood City and West Bay Sanitary District).
2. San Carlos and the Harbor Industrial Association have jointly sponsored a social and transportation benefit to the industrial communities by funding the Cal-Train feeder bus. This feeder bus provides transportation for workers between the San Carlos Cal-Train depot and both the Harbor Industrial Area and San Carlos Industrial Area. The joint effort has fulfilled the social benefit of supporting mass transit ridership for the past several years and has successfully demonstrated the community of interest between San Carlos and the Harbor Industrial Area.
3. San Carlos has been at the forefront of supporting the economic well-being of the Harbor Industrial Area by constructing public works projects which facilitate ingress and egress to the Harbor Industrial Area and the San Carlos Industrial Area. Recent improvements in traffic signal equipment, signal timing and lane configuration at the intersection of Holly and Industrial were paid for by San Carlos and were successful in reducing congestion from both the Harbor Industrial Area and San Carlos Industrial Area. San Carlos worked closely with the Harbor Industrial Association to ensure that the improvements benefited the economic interests of the Harbor Industrial Area. Additional improvements including a double-left-turn lane southbound on Industrial to US. 101 and a free-right-turn lane northbound on





Industrial to US. 101 will further reduce congestion and enhance the economic community of interest. These improvements became particularly critical when Belmont installed traffic barriers along O'Neill Avenue precluding northbound access to the Ralston US. 101 interchange.

4. Participation in and support of the San Carlos Chamber of Commerce is a strong indicator of the economic and social community of interest. The attached letter from the Chamber President, Neil Chichizola outlines several of the important points supporting this conclusion. In addition, the Harbor Industrial Area and San Carlos Industrial Area business people attend special Chamber programs on issues such as hazardous material storage, Workers' Compensation Insurance, Americans With Disabilities Act compliance and numerous similar topics of joint interest.
5. The City of San Carlos has had a continuing and long-standing outreach program to the Harbor Industrial Area on matters directly and indirectly effecting the land-owners and business people. Several examples are noteworthy:
  - A. Harbor Industrial Area representatives participated in setting San Carlos City policy on a recently revised business license ordinance and fee schedule. Representatives were active participants on the business license advisory committee insuring that the ordinance reflected the economic needs and concerns of the Harbor Industrial Area. This participation was particularly relevant since the ordinance indirectly affected the Harbor Industrial Area and would only be applicable upon annexation to San Carlos.
  - B. A Harbor Industrial Area representative actively served on the Holly Street Grade Separation Advisory Committee. While this planned, major public works improvement is located totally within present San Carlos limits, the community of interest ties between San Carlos and the Harbor Area would be effected by the alternative proposals.
  - C. A Harbor Industrial Area representative sits on the San Carlos Economic Advisory Commission/Project Area Committee. This high profile, active committee advises the City Council and Redevelopment Agency on economic development matters for the City and Redevelopment projects for the Redevelopment Agency. The importance of economic community of interest ties between the Harbor Industrial Area and San Carlos are particularly evident here due to the major economic development and redevelopment project recommendations made by this Commission.
  - D. From a service standpoint, the San Carlos Police Department responds to emergency calls in the Harbor Industrial Area when the Sheriff's Patrol anticipates a delayed response because the assigned unit must travel a significant distance or they do not have sufficient personnel readily available. In



this instance, San Carlos provides a safety support service which reinforces the community of interest.

6. Perhaps the most recent and dramatic demonstration of the community of interest between the Harbor Industrial Area and San Carlos was the application by 87 percent of the landowners within the Harbor Industrial Area for a Sphere of Influence change and annexation to the City of San Carlos. This unprecedented showing of economic and social ties with San Carlos is clear proof that such a community exists and that efforts to split the Harbor community will be rejected.

Belmont, in its August 12 submittal, describes some of the ways in which it believes that city and the HIA are related. However, much of the discussion centers more on what the HIA can do for Belmont, particularly by providing a commercial and industrial base that Belmont generally lacks and by providing jobs for the housing that city features. In addition, the argument relies on the idea that Belmont has long had the desire to annex this area. The Belmont discussion strains a bit in claiming that a relationship exists between the industrial HIA areas and the residential and commercial areas in Belmont due to the fact that the area is "substantially surrounded" by Belmont.

#### Community of Interest Within the Harbor Industrial Area

Without question, a community of interest on many levels exists between San Carlos and the HIA, as described above. However, we emphasize once again what we believe to be an even more relevant issue: the community of interest that exists within the Harbor Industrial Area itself.

Section 56425(a)(4) of the Cortese/Knox Local Government Reorganization Act provides that, with regard to the establishment of spheres of influence, LAFCo is to consider "the existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency." (Emphasis added.) We believe that consideration of this factor is particularly relevant at this time for two reasons. First, the Commission is about to consider "cementing" the sphere of influence into a permanent municipal boundary. Second, as we have previously indicated to you, this factor, which was enacted in 1984, was not considered in the original creation of the sphere in 1973 and has been largely overlooked in the subsequent Commission actions to reaffirm the spheres.

As the proposed annexation would permanently dissect the Harbor Industrial Area, the Commission should consider the evidence that the Harbor Industrial Area is and operates as an integral community; the area should not be arbitrarily split without adequate consideration of the effects of such by the Commission. In fact, the San Mateo LAFCo in its local guidelines "recognizes that some political boundaries may be artificial, dividing what may, in fact, be a single community or communities." (San Mateo LAFCo, General Guidelines and Criteria for the Development and Determination of Spheres of Influence, Section III.7.) Such an outcome would clearly be the case in this instance. In addition, with regard to changes in governmental organization, Section 56841(c) of the Act requires





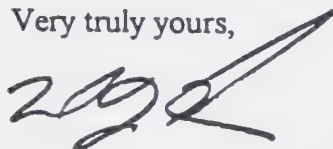
the Commission to consider the effect of the proposed action on "mutual social and economic interests." Clearly the interests of and effects on the Harbor Industrial Area as a cohesive economic community must be considered by the Commission prior to any decision to divide the area into different municipal jurisdictions.

Currently, the Association membership includes a substantial majority of the property owners in the Harbor Industrial Area. Many of the businesses in the area are economically interdependent. Examples include the Peninsula Card Lock Fuel Business which provides fuel service to many other businesses in HIA. Howard Jones Batteries sells wholesale and retail batteries to a significant number of businesses in the area. D.J.B. Company provides accountancy services to numerous Harbor businesses. The several auto repair and auto body shops including Herrera's Auto Repair, A & E Auto, Mark's Body Shop, Cars Limited, Storey's Brake Service, Sanders, and Bimmers are all examples of auto repair services that depend to a great extent on the economic inter-relationships within the Harbor Industrial Area and the San Carlos Industrial Area. Several restaurants, dry cleaners and personal service establishments such as World's Gym serve the industrial community.

The HIA would best be served by being allowed to develop under a single planning and zoning scheme, and preferably one that is administered by a city with experience in administering land use matters for an industrial area. The problems that mixed zoning may cause include incompatible uses in close proximity, off-site impacts on the adjoining community and confusion regarding policy implementation.

Thank you for requesting San Carlos' opinion on this vital matter.

Very truly yours,



Neal J. Martin AICP

Attachments: Letter from Neil Chichizola  
Map





HARBOR ANNEXATION COMMITTEE  
P.O. Box 703  
Belmont, California 94002  
Phone: (415) 349-3820  
FAX: (415) 591-1726

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AUG 25 1993

LAFCO

COMMUNITY OF INTEREST

The Harbor Industrial area has three identifiable characteristics which influence its community of interest (COI). These include; (1) a total allegiance to the Harbor Industrial Association which is dedicated to the preservation of this community, (2) a negative COI with the City of Belmont, and (3) a rapidly-growing COI with the City of San Carlos.

HIA is a community in itself. It deeply resents the imposition of Sphere of Influence boundaries within its area. Its primary objective is to preserve and protect the integrity of the entire area.

The property owners in any portion of the area look to the Harbor Industrial Association for leadership and protection. The Association has been acknowledged as the leader of this community since 1954 by the Cities of Belmont and San Carlos, as well as San Mateo County. The present illogical SOI boundaries have had no effect on the sentiment of the area's property owners.

Historically, the property owners in this area have been fiercely independent. These people have always thought of themselves as "Harbor Industrial people" instead of identifying with either City.

A negative COI has existed with the City of Belmont for many years. The property owners have been outraged by perceived attacks on their community which have occurred over an extended period of time. The HIA community simply does not trust the City of Belmont and does not want to be assimilated by them.

There are numerous examples which underscore the negative reaction to the City of Belmont:

1. Belmont has made several attempts to form annexation districts in the HIA. Their present proposal is yet another example of this practice. The property owners do not want to have any of their area annexed to Belmont, and are outraged by the notion that some people could be dragged into the City of Belmont against their will.

2. Belmont attempted to annex properties along Bragato Road when the water service agencies for that particular area were changed. When Belmont County Water District became the service provider for this area, Belmont informed the property owners that such a change meant that they were now a part of the City. HIA protested this tactic and was able to prevail.

C00424



Page 2

3. Belmont has greatly increased the likelihood of an increase in the incidence and the amount of flooding in the HIA as a result of their upstream projects. In 1986 Belmont abandoned plans for a retention dam, and instead installed larger or additional culverts to accelerate the flow rate of Belmont Creek. HIA demanded an EIR for this project, but the City Council passed a negative declaration. HIA then formed the Harbor Industrial Drainage Maintenance District to deal with the increased flow rate.

4. Belmont installed seven street barricades along its border with the HIA. These closures severely effected traffic flow between the two communities. This project was undertaken without a public hearing or an EIR. A subsequent lawsuit resulted in one of the barricades being removed.

5. Belmont has consistently demonstrated that it has an anti-business attitude. As a result, many business owners or developers will not consider locating in that City.

The City Council recently declared that they are now pro-business. At the same time, they were in the process of down zoning commercial properties along Old County Road and in other parts of the City. HIA property owners are convinced that Belmont would also down zone many properties in this area if they were able to annex it.

6. Belmont has borrowed large sums of money from the Belmont Fire Protection District (BFPD). This District is partially funded by the HIA. However, the borrowed funds are routinely used for the exclusive benefit of the City.

In 1992, Belmont borrowed \$40,000 for a new photo copy machine and \$150,000 for a new computer. They also borrowed nearly \$1,000,000 for improvements to Barrett Community Center. HIA resents this practice because the money is not used for fire protection. It is apparent that the District is over funded.

7. Belmont Mayor/Councilman Orton has served as a City member of the LAFCO Commission at numerous hearings which directly effected both the City of Belmont and this area. HIA felt that this practice represented an obvious conflict and was unethical. As a result, HIA protested Mr. Orton's dual role to preserve our rights of due process. Belmont vigorously defended Mr. Orton and lobbied extensively on his behalf. HIA felt that this effort made the entire City culpable on this issue.

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Page 3

On the other hand, HIA has a growing COI with the City of San Carlos. Property owners representing 87% of all the properties in the HIA have applied for annexation to San Carlos. These property owners want their community preserved in its entirety within one City. HIA trusts San Carlos and feels very comfortable with this change.

HIA businesses are becoming increasingly active in San Carlos community affairs. Approximately 12 firms belong to the Chamber of Commerce. One member was elected Chamber President for 1993-1994. Another member is the Chairman of the Commercial-Industrial Council. Another member serves on the City's Economic Development Advisory Commission. Another member served on the Holly Street Grade Crossing Task Force. In addition, San Carlos and HIA jointly fund the Cal Train feeder bus program.

Traffic access is far superior via San Carlos. This includes both freeway access and access along major North-South arterials. In addition, there are three grade crossing projects in various stages of development in San Carlos. A South bound only off and on ramp for Brittan Avenue at Highway 101 is also being planned to ease traffic congestion in the area.

HIA members are routinely using more San Carlos businesses. Examples of this trend would be such businesses as Home Depot, Lucky Market, Industrial Hardware, OK Lumber and State Plumbing. Belmont does not have similar businesses at locations convenient to the HIA. In addition North bound access is significantly impaired due to street closures, weight limitations and archaic two lane streets.

The Harbor Industrial area is a community in itself. That is the area's primary COI. A negative COI exists between HIA and the City of Belmont. Belmont has repeatedly attacked HIA over a period of many years and the property owners do not want to be assimilated by that City. Finally, property owners representing 87% of all of the properties in the HIA have applied for annexation to San Carlos. There is a growing community of interest with that City. The HIA community can be preserved in its entirety within that City.

C00426





## APPENDIX D - COMMUNITY OF INTEREST SURVEY AND RESULTS



# Side A- For Business Owners

Please answer the following questions. If you need additional space, please feel free to respond on a separate sheet of paper. Thank you for your help.

1) How long has your business been at this location?

- ☐ 0-5 years  
☐ 6-10 years  
☐ 11 years or more

2) Approximately how many people do you employ?

- ☐ 0-9  
☐ 10-24  
☐ 25-49  
☐ 50 or more

3) Please estimate the percentage of your employees who live in each of the following areas? (Write the percentage in the space provided)

- ☐ San Mateo  
☐ Redwood City  
☐ Belmont  
☐ San Carlos  
☐ Other

4) Do you own or lease the property/building? (If you own property in the Harbor Industrial Area, please also fill out the other side of this questionnaire)

☐ Own ☐ Lease

5) When you relocated to your current business site, did you relocate from: (Check One)

- ☐ Another location in the Harbor Industrial Area  
☐ A location in the City of Belmont  
☐ A location in the City of San Carlos  
☐ A location elsewhere  
☐ New business/does not apply

6) Briefly describe the factors that influenced your decision to locate in the Harbor Industrial Area:

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7) What are the advantages or disadvantages of having your business located in the Harbor Industrial Area:

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8) Please identify any business or service organizations you currently are a member of. (Check all that apply)

- ☐ Harbor Industrial Association  
☐ San Carlos Chamber of Commerce  
☐ Belmont Chamber of Commerce  
☐ Other (please list)

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9) If you, or other owners of your business, have ever participated in any community service activities, such as serving on an advisory board, or performed volunteer work for any charitable organizations, please list the activities or organizations and their location:

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10) When you or your employees entertain clients or business associates, what city do you frequent most often? (Check One)

- ☐ Belmont  
☐ San Carlos  
☐ San Mateo  
☐ Redwood City  
☐ Other

11) Where is the bank branch you use for your primary business account located? (Check One)

- ☐ Belmont  
☐ San Carlos  
☐ San Mateo  
☐ Redwood City  
☐ Other

12) Businesses often utilize the support services of many other local businesses. For each of the locations listed below, please indicate how often you frequent the area for business support services:

Location	Often	Occasionally	Never
Belmont			
San Carlos			
San Mateo			
Redwood City			
HIA			

13) Briefly describe your vision for the future of the Harbor Industrial Area: (You may use a separate sheet of paper if necessary)

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# Side B- For Property Owners

Please answer the following questions. If you need additional space, please feel free to respond on a separate sheet of paper. Thank you for your help.

1) How long have you owned this property? (Check One)

- ☐ 0-4 years  
☐ 5-9 years  
☐ 10 years or more

2) Are there structures located on the property?

- ☐ Yes ☐ No

3) Are the structures leased to tenants or do you operate a business on the property? (If you are a business owner in the Harbor Industrial Area, please also fill out the other side of this questionnaire).

- ☐ Leased to Tenants  
☐ Operate a Business  
☐ Both

4) If you lease any portion of your property, where do you say the property is located when marketing it to prospective tenants?

- ☐ Belmont  
☐ San Carlos  
☐ Neither

5) Other than city location, how would you describe the location of your property when marketing it to prospective tenants?

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6) Please comment on any advantages or disadvantages of having your property located in the Harbor Industrial Area:

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7) How much longer do you expect to own this property? (Check One)

- ☐ 0-4 more years  
☐ 5-9 more years  
☐ 10 years or longer  
☐ Don't Know

8) Do you expect to make any major property improvements in the next 5 years such as redeveloping the property or expanding the buildings?

- ☐ Yes ☐ No ☐ Don't Know

9) Please identify any business or service organizations you currently are a member of: (Check all that apply)

- ☐ Harbor Industrial Association  
☐ San Carlos Chamber of Commerce  
☐ Belmont Chamber of Commerce  
☐ Other (please list)

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10) If you, or other owners of your property, have ever participated in any community service activities, such as serving on an advisory board, or performed volunteer work for any charitable organizations, please list the activities or organizations and their location:

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11) Briefly describe your vision for the future of the Harbor Industrial Area: (You may use a separate sheet of paper if necessary)

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## Survey Results

The following is a question by question summary of the responses and a brief discussion if appropriate. Incomplete or blank responses were not coded, and as a result most questions had fewer than 111 responses.

### Side A - Business Owners

#### *Question 1 - How long has your business been at this location?*

5 years or less	42	40.0%
6 to 10 years	21	20.0%
11 years or more	42	40.0%
Total Responses	105	100.0%

#### *Question 2 - Approximately how many people do you employ?*

9 or less	80	76.9%
10 to 24	11	10.6%
25 to 49	10	9.6%
50 or more	3	2.9%
Total Responses	104	100.0%

#### *Question 3 - Please estimate the percentage of employees who live in the following areas:*

	<i>San Mateo</i>	<i>Redwood City</i>	<i>Belmont</i>	<i>San Carlos</i>	<i>Other</i>
None	48	50	54	61	23
1% to 24%	16	15	16	16	6
25% to 49%	14	14	9	6	13
50% to 74%	8	10	5	8	25
75% to 100%	5	2	7	0	24
Total Responses	91	91	91	91	91

#### *Question 4 - Do you own or lease the property or building?*

Own	16	15.7%
Lease	86	84.3%
Total Responses	102	100.0%



*Question 5 - When you relocated to your current business site, where did you relocate from?*

Another site in the HIA	20	19.0%
A location in Belmont	16	15.2%
A location in San Carlos	15	14.3%
A location elsewhere	35	33.3%
New business/does not apply	19	18.1%
Total Responses	105	100.0%

*Question 6 - Briefly describe the factors that influenced your decision to locate in the HIA.* Each survey was allocated up to four different responses for this question, and the responses were coded into general categories based on the frequency of the response. As a result, there are more responses to the question than surveys returned. The following factors were identified as factors leading to the choice of the HIA as a business location:

Location of the facility relative to home, clients, suppliers, etc.	50	27.5%
Access to area via 101 and/or major roadways	31	17.0%
Price	27	14.8%
Quality of the facility	23	12.6%
Quality of the surrounding area	19	10.4%
Low cost of doing business, i.e., no business license required.	8	4.4%
Other	24	13.2%
Total Responses	182	100.0%

*Question 7 - What are the advantages/disadvantages of having your business located in the HIA.* Each survey was allocated up to four different responses for this question, and the responses were coded into general categories based on the frequency of the response. As a result, there are more responses to the question than surveys returned. Generally, responses to this question listed advantages similar to the responses found in question six. Very few responses listed any disadvantages of having their business located in the HIA.

Location	29	25.4%
Accessibility	21	18.4%
Presence of other businesses and the Harbor Industrial Association	20	17.5%
Low cost of doing business, i.e., no business license required	9	7.9%
Other Advantages/Disadvantages	44	38.6%
Total Responses	114	100.0%



*Question 8 - Please identify any service organization you are currently a member of.*

<i>Organization</i>	<i>Yes</i>	<i>No</i>
Harbor Industrial Association	20	84
San Carlos Chamber of Commerce	11	93
Belmont Chamber of Commerce	10	94

In addition to these organizations, a small number of respondents (18) reported being members of various other organizations such as the Better Business Bureau, NFIB, and the Redwood City/San Mateo County Chamber of Commerce

*Question 9 - If you, or other owners of your business, have ever participated in any community service activities, such as serving on an advisory board, or performed volunteer work for any charitable organizations, please list the activities or organizations and their location.*

There were not enough responses to this question to generate any significant data.

*Question 10 - When you or your employees entertain clients or business associates, what city do you frequent most often?*

Belmont	27	32.1%
San Carlos	37	44.0%
San Mateo	7	8.3%
Redwood City	3	3.6%
Other	10	11.9%
Total Responses	84	100.0%

*Question 11 - Where is the bank branch you use for your primary business account located?*

Belmont	25	24.8%
San Carlos	39	38.6%
San Mateo	16	15.8%
Redwood City	7	6.9%
Other	14	13.9%
Total Responses	101	100.0%





*Question 12 - Businesses often utilize the support services of many other local business. For each location listed below, please indicate how often you frequent the area for business support services.*

<i>Location</i>	<i>Often</i>	<i>Occasionally</i>	<i>Never</i>
Belmont	42	47	9
San Carlos	59	34	5
San Mateo	24	55	10
Redwood City	16	64	8
HIA	19	36	10

*Question 13 - Briefly describe your vision for the future of the Harbor Industrial Area. Each survey was allocated two responses for this question, and the responses were coded into general categories based on the frequency of the response.*

Would like to see HIA remain unincorporated.	18	26.9%
Would like to see the HIA included in San Carlos SOI/City.	16	23.9%
Would like to see the current land uses in the HIA continue	11	16.4%
Would like to see improvements made to the HIA	8	11.9%
Would like to see the HIA become part of Belmont SOI/City	3	4.5%
Other	11	16.4%
Total Responses	67	100.0%

#### Side B - Property Owners

*Question 1- How long have you owned this property?*

4 years or less	1	3.4%
5 to 9 years	3	10.3%
10 years or more	25	86.2%
Total Responses	29	100.0%

*Question 2 - Are there structures on the property?*

Yes	26	89.7%
No	3	2.7%
Total Responses	29	100.0%



*Question 3 - Area the structures leased to tenants or do you operate a business on the property?*

Leased	15	53.6%
Operate Business	6	21.4%
Both	7	25.0%
Total Responses	28	100.0%

*Question 4 - If you lease any portion of your property, where do you say the property is located when marketing it to tenants?*

Belmont	14	51.9%
San Carlos	3	11.1%
Neither	10	37.0%
Total Responses	27	100.0%

*Question 5 - Other than City location, how would you describe the location of your property when marketing it to prospective tenants?* Each survey was allocated up to four different responses for this question, and the responses were coded into general categories based on the frequency of the response. As a result, there are more responses to the question than surveys returned.

Near Highway 101	8	26.7%
Unincorporated area of San Mateo County	5	16.7%
Between Holly and Harbor Blvd.	4	13.3%
Harbor Industrial Area	4	13.3%
Other	9	30.0%
Total Responses	30	100.0%

*Question 6 - What are the advantages/disadvantages of having your property located in the HIA.* Each survey was allocated up to four different responses for this question, and the responses were coded into general categories based on the frequency of the response. Most responses to this question listed the advantages of owning property in the area. Only two responses noted any disadvantage associated with owning property in the area.

Area/Location	8	33.3%
Strength of the property owners association.	6	25.0%
Minimal government oversight.	5	20.8%
Other Advantages/Disadvantages	5	20.8%
Total Responses	24	100.0%



*Question 7 - How much longer do you expect to own this property?*

4 years or less	1	3.4%
5 to 9 years	0	0.0%
10 years or more	22	75.9%
Don't know	6	20.7
Total Responses	29	100.0%

*Question 8 - Do you expect to make any major property improvements in the next five years, such as redeveloping the property or expanding the buildings?*

Yes	6	22.2%
No	17	63.0%
Unsure	4	14.8%
Total Responses	29	100.0%

*Question 9 - Please identify any business or service organizations you currently are member of.*

<i>Organization</i>	<i>Yes</i>	<i>No</i>
Harbor Industrial Association	23	4
San Carlos Chamber of Commerce	7	20
Belmont Chamber of Commerce	3	24

*Question 10 - If you, or other owners of your business, have ever participated in any community service activities, such as serving on an advisory board, or performed volunteer work for any charitable organizations, please list the activities or organizations and their location.*

There were not enough responses to this question to generate any significant data.

*Question 13 - Briefly describe your vision for the future of the Harbor Industrial Area. Each survey was allocated two different responses for this question, and the responses were coded into general categories based on the frequency of the response.*

Would like to see the HIA included in San Carlos SOI/City.	8	42.1%
Would like to see HIA remain unicorporated.	4	21.1%
Would like to see the current land uses in the HIA continue	3	15.8%
Would like to see improvements made to the HIA	1	5.3%
Would like to see the HIA become part of Belmont SOI/City	0	0.0%
Other	3	15.8%
Total Responses	19	100.0%













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